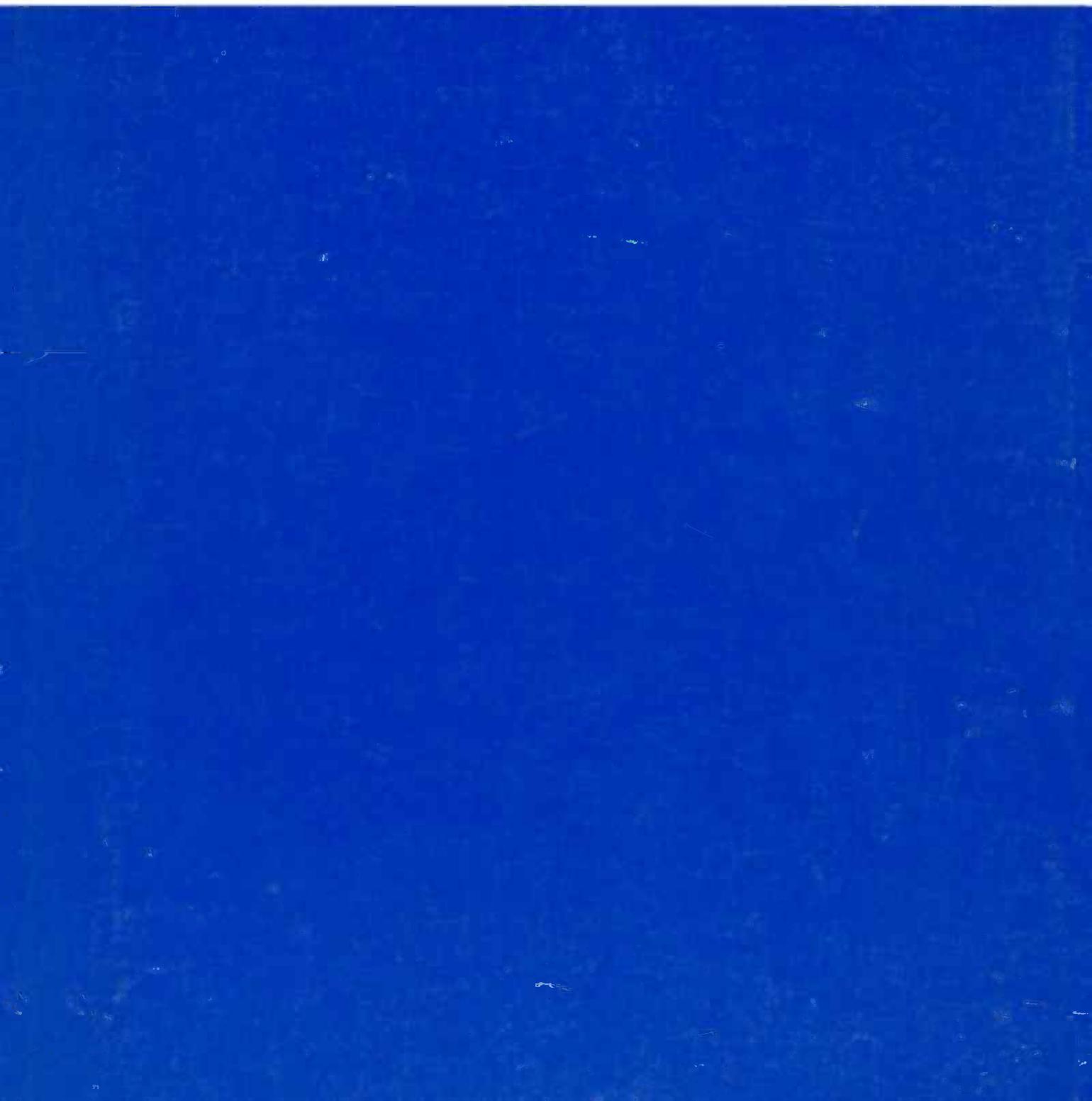


World Development Report, 1978

The World Bank, August 1978



**World
Development
Report
1978**

**The World Bank
Washington, D.C.
August 1978**

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Foreword

The *World Development Report, 1978*, along with its statistical annex, is the first of what we expect will be a series of annual reports providing a comprehensive assessment of the global development issues. This first report deals with a number of fundamental problems confronting the developing countries, and explores their relationship to the underlying trends in the international economy. Since it is not possible to address every major question in this initial volume, the analysis will be extended to other aspects of development in subsequent years.

The past quarter century has been a period of unprecedented change and progress in the developing world. And yet despite this impressive record, some 800 million individuals continue to be trapped in what I have termed absolute poverty: a condition of life so characterized by malnutrition, illiteracy, disease, squalid surroundings, high infant mortality, and low life expectancy as to be beneath any reasonable definition of human decency.

Absolute poverty on so massive a scale is already a cruel anachronism. But unless economic growth in the developing countries can be substantially accelerated, the now inevitable increases in population will mean that the numbers of the absolute poor will remain unacceptably high even at the end of the century.

The twin objectives of development, then, are to accelerate economic growth and to reduce poverty.

Greater progress toward these goals will require an immense effort by the developing countries; an effort that must be matched by a more realistic level of support from the industrialized nations. It is a fact that the international economy is growing more interdependent. That evolution can and should benefit developing and developed countries alike, but if it is to do so there must be adjustments in the global

patterns of trade to reflect shifts in comparative advantage.

These adjustments will not be easy, but the alternative to a more rational economic framework can only mean, in the end, greater penalties for all.

In the meantime, whatever the uncertainties of the future, governments have to act. They are faced with the necessity of daily decisions. And hence the quality of the information, and the range of available choices on which those decisions will have to be made become critically important.

That is why we have undertaken this analysis. The World Bank, with its broad-based membership, its long experience, and its daily involvement with the development problems of its members is in a unique position to analyze the interrelationships between the principal components of the development process. To the extent that these are more clearly understood, the institution itself, and all of its member governments individually, will be able to cooperate more effectively in accelerating economic growth, and reducing the intolerable deprivations of massive poverty.

This initial volume represents the work of many expert and dedicated colleagues of mine in the Bank. The judgments expressed, of course, do not necessarily reflect the views of our Board of Directors or the governments they represent. The report has been produced under the direction of Ernest Stern; D. C. Rao was its principal author. To them and to all who have contributed to it, the institution is deeply indebted.



Robert S. McNamara

WORLD DEVELOPMENT REPORT, 1978

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Definitions

Country Groups in this report are defined as follows.

Developing Countries are divided, on the basis of 1976 Gross National Product (GNP) per person, into:

Low Income Countries—with income per person of US\$250 and below.

Middle Income Countries—with income per person above US\$250.

Capital Surplus Oil Exporters: Kuwait, Libya, Oman, Qatar, Saudi Arabia, and United Arab Emirates are identified as a separate group. Other major exporters of oil are grouped among the developing countries.

Industrialized Countries are the members of the Organisation for Economic Co-operation and Development, apart from Greece, Portugal, Spain, and Turkey, which are included among the Middle Income Developing Countries.

Centrally Planned Economies (CPEs) are Albania, Bulgaria, the People's Republic of China, Cuba, Czechoslovakia, the German Democratic Republic, Hungary, the Democratic Republic of Korea, Mongolia, Poland, Romania, and the USSR.

Organisation for Economic Co-operation and Development (OECD) members are Australia, Austria, Belgium, Canada, Denmark, Finland, France, the Federal Republic of Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States.

The Development Assistance Committee (DAC) of OECD comprises Australia, Austria, Belgium, Canada, Denmark, Finland, France, the Federal Republic of Germany, Italy, Japan, the Netherlands, New Zealand, Norway, Sweden, Switzerland, the United Kingdom, the United States, and the Commission of the European Economic Community.

The Organization of Petroleum Exporting Countries (OPEC) comprises Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela.

Manufactured goods refers to commodities in the Standard International Trade Classification (Revised) (SITC), Sections 5 through 9 minus Division 68: chemicals and related products; iron and steel; manufactured articles, including textiles and products based on leather, rubber, wood, metals, and minerals; machinery and transport equipment; building fixtures and fittings; furniture, clothing, footwear, professional and scientific instruments, photographic and optical goods, watches and clocks, and miscellaneous articles not classified elsewhere in the SITC.

Primary commodities comprise SITC Sections 0 through 4: food and live animals; beverages and tobacco; inedible crude materials; fuels, including coal, petroleum and petroleum products, natural and manufactured gas, and electric current; animal and vegetable oils, fats, and waxes; and the non-ferrous metals of SITC Division 68.

Billion is 1,000 million.

Chapter 1: Introduction

The past quarter century has seen great progress in developing countries. In virtually all of them, income has risen faster than population, with a consequent rise in income per person. Economic growth has been accompanied by a rapid expansion of education systems, growing literacy, improvements in nutrition and health conditions, increasing technological sophistication, and structural changes, including a growing industrial base and greater urbanization. Progress on such a wide front and the steadily growing capacity of developing countries to manage their economies effectively are impressive achievements.

But much remains to be accomplished. Most countries have not yet completed the transition to modern economies and societies, and their growth is hindered by a variety of domestic and international factors. Moreover, about 800 million people still live in absolute poverty. These are people living at the very margin of existence—with inadequate food, shelter, education, and health care. For many of them, there has been little improvement in the standard of living, and for some, there may have been a deterioration. Added to the sense of frustration at the size of the task ahead is an increasing awareness of how difficult it is to alter traditions and social rigidities, which often impede efforts to accelerate growth and to raise the living standards of the poor.

Past experience has served to create a broad consensus about the goals for the future. The development effort should be directed toward the twin objectives of rapid growth and of reducing the numbers of people living in absolute poverty as rapidly as possible. Most developing countries have moved, or are moving, toward these objectives in designing their development strategies, and industrialized countries increasingly see them as the basis for defining their contribution.

Rapid growth and alleviating poverty are inextricably linked. Most of the absolute poor live in the poor countries of Asia and Africa, where economies have grown relatively slowly. In some of the more rapidly growing economies, the incomes of lower income groups have been raised substantially. Special action programs to improve the quality of life of the poor should be an integral part of a development strategy, but

they need to be accompanied by growth in productivity and incomes to expand the resources available to raise living standards.

The obstacles that the developing countries face in accelerating progress are different in degree and in kind, as are the tools at their command. The differences reflect the enormous diversity in their resource availabilities, economic structure, social and political traditions, and management skills, and in their relationships to the international economy.

In the Low Income countries—countries with annual income per person up to US\$250—poverty alleviation depends overwhelmingly on increasing agricultural productivity to raise the purchasing power of the small and marginal farmer and to create employment for the landless at higher wages. However, the Low Income countries in Asia and in Sub-Saharan Africa face very different problems in implementing such a strategy, reflecting differences in the scarcity of land, the availability of locally usable technology for achieving rapid increases in yields, the quality of economic infrastructure (such as transport and communications systems, water and electricity supply) and the numbers of people with industrial and managerial skills.

The Middle Income developing countries are a heterogeneous group in their economic structure, development experience, and level of income per person. In general, their economic growth depends more closely than that of the Low Income countries on international trade and capital markets. For them, the main strategic choices relate to how industrial and trade policy should respond to changes in the international environment. Progress in alleviating poverty in these countries is less hampered by the shortage of resources than in the Low Income countries, but nonetheless will require strenuous efforts.

Over the past twenty-five years, the international economy has been supportive of growth in the developing economies in many respects. The rapid growth of the industrialized countries fostered a major expansion of international trade. The growth of tourism and labor migration, the emergence of large-scale official capital transfers, and the more recent rebirth of the international capital markets also helped to supplement domestic savings and provide foreign exchange for development programs. As their

economies have grown the developing countries have become a large market for the exports of the industrialized countries, suppliers of a wide range of manufactured goods, and significant borrowers in international capital markets. There is now a close interdependence between the economic policies and environment for growth in industrialized countries and the prospects of a large number of developing countries, affecting the development strategies which the latter can implement effectively.

This report is designed to help clarify some

of the linkages between the international economy and domestic strategies in the developing countries against the background of changing patterns of interdependence and increasing complexity in the world economy. It assesses the prospects for progress in accelerating growth and alleviating poverty, and identifies some of the major policy issues that will affect these prospects. It is hoped that the report will help to illuminate the role of both the industrialized and the developing countries in dealing with these policy issues.

Chapter 2: The Development Experience, 1950-75

The effort at systematic, accelerated development can be dated to the middle of this century for most developing countries. For processes of fundamental social change, twenty-five years is short; and for many countries, especially those in Africa that gained independence only in the early 1960s, the relevant experience is even shorter. Nevertheless, it is useful to explore the problems of today in the light of the experience of the past quarter century.¹

The record is both encouraging and sobering. Economic growth in the developing countries has exceeded original expectations, and their economic, managerial, and physical capacity for further development has been greatly strengthened. But, despite the successes, about 800 million people in the developing world still live in absolute poverty, with incomes too low to ensure adequate nutrition, and without access to essential public services. Many of these people have experienced no improvement in their living standards; and in countries where economic growth has been slow, the living standards of the poor may even have deteriorated. The numbers in poverty alone are a stark measure of how much remains to be done.

The Record of Developing Countries

Economic Growth and Structure

The developing countries have grown impressively over the past twenty-five years: income per person has increased by almost 3 percent a year, with the annual growth rate accelerating from about 2 percent in the 1950s to 3.4 percent in the 1960s. Contrasted with what little can be gleaned of the experience of these countries before 1950, this is a substantial improvement over the historical record. Moreover, it compares extremely favorably with the growth rates achieved by the now developed countries over the period

¹Of special interest is the experience of a few countries whose development strategies have centered around strong measures to improve the living standards of Low Income groups. Among these countries are the People's Republic of China and Cuba. Our direct knowledge of their experience is extremely limited, neither being members of the World Bank; data are scarce; and discussions in the literature are generally based on partial information. There are many areas where the measures adopted by these countries are of immense interest, but there is still uncertainty about their applicability in social environments or political systems that have not been transformed as they have been in these countries. They and other centrally planned economies are not included in the references to developing countries in this report.

of their industrialization: income per person grew by less than 2 percent a year in most of the industrialized nations of the West over the 100 years of industrialization beginning in the mid-nineteenth century. Even in Japan, which has been one of the most rapidly growing of the industrialized countries, the long-term rate of growth in income per person is estimated at less than 2.5 percent a year.

There have, of course, been marked differences in the performance of individual developing countries in this period. Growth rates have generally been lower in the Low Income countries of Africa and Asia, where the majority of the world's poor live. In countries accounting for half the population of the developing world, income per person has risen by less than 2 percent a year.

1. Developing Countries: Growth of Gross National Product per Person, 1950-75

Average Annual Growth Rate (percent)	Number of Countries	Percentage of Population ^a
Less than 0	3	1
0-2	25	48
2-4	33	35
Above 4	11	15

^aShare of the total population in the 72 developing countries covered. These 72 countries accounted for 88 percent of the total population of developing countries in 1976.

As output and income grow, there are generally substantial changes in economic structure, with industry increasing its share of total output at the expense of the agricultural sector, even if the latter grows rapidly. Industry has been the fastest growing sector in virtually all the developing economies, although it grew at more than 10 percent a year only in a few of them.

2. Developing Countries: Growth of Production, 1960-75

(Median values, at 1975 prices)

	Average Annual Growth Rates (percent)			
	Gross Domestic Product	Agriculture	Industry	Services
Low Income Countries	3.1	2.1	5.4	3.7
Middle Income Countries	6.0	3.5	7.9	6.7

In the poorer and slower growing countries, the share of agriculture in total production has

declined only slightly and is still large. The rapid growth of the services sector is ambiguous. In the industrialized countries, the share of the services sector in total output is high and rising, in response to changes in the pattern of demand. While part of the growth of services in developing countries is in response to growth in demand, it also reflects the inability of the industrial sector to absorb fully the additions to the urban labor force. People who do not find employment in organized industry may eke out a meager living in occupations with low productivity or find employment in a burgeoning government sector.

3. Developing Countries: Structure of Production, 1960 and 1975

(Median values, at current prices)

	Distribution of Gross Domestic Product (percent)					
	Agriculture		Industry		Services	
	1960	1975	1960	1975	1960	1975
Low Income Countries	52	43	12	23	35	45
Middle Income Countries	26	15	23	38	46	47

Note: Sectoral shares do not add to 100 percent because median values have been derived separately for each sector.

These broad changes in the sectoral composition of production do not convey the full character of changes in the economy. They do not, for instance, depict the large improvements in the availability of transportation, communications, and electric power, nor the great expansion in the capacity to borrow and adapt technology that is vital to the expansion and diversification of the economy's productive capacity. Nor do they suggest the gains in human skills, both of industrial labor and of management, that play a crucial role in modern economic growth. Such developments are difficult to quantify and, in any event, data on social factors are scarce in developing countries. Available indicators such as literacy rates and school enrollment ratios, shown in Table 4, reflect very imperfectly some of the changes that have taken place.

The scope of the economic changes of the past twenty-five years is perhaps suggested better by the fact that many developing countries have modernized their agriculture and sustained high rates of growth in agricultural production, while a number of them now manufacture technologically sophisticated equipment (electric power generators, for example). Many have sizable capacities in engineering industries; and some now compete effectively for turnkey projects internationally.

4. Developing Countries: Growth of Education, 1960-75

(Median values)

	Percentage of Primary School Age Children Attending School		Percentage of Secondary School Age Children Attending School		Percentage of Adults Who Are Literate	
	1960	1975	1960	1975	1960	1974
	Low Income Countries	30	52	2	8	10	23
Middle Income Countries	79	97	12	35	61	63

Source: *World Development Indicators*, Table 18.

The growing sophistication of developing economies is marked by large and modern institutions of increasing complexity, ranging from major industrial corporations to first-rate universities. Institutions, both public and private, whose main business is economic development, have proliferated. They include industrial development banks, agricultural credit institutions, extension agencies, vocational training institutes, research centers, central banks, and economic planning agencies. Not all of these institutions function satisfactorily and serious gaps remain in the institutional development of many countries. One of the most important shortcomings is in agricultural research, specifically in the common failure to build up sufficient national capacity for the adaptive research suited to local agroclimatic conditions that is fundamental to achieving sustained gains in agricultural productivity.

Developing countries demonstrated their proficiency in economic management through their adjustment to a series of external shocks in recent years, including wide fluctuations in international commodity prices, the sudden increase in oil prices, the prolonged recession in industrialized countries, and the unpredictable gyrations of international exchange rates. Through measures affecting the structure of domestic production and prices, as well as external trade and borrowing, they have been able to withstand these external shocks, maintain their growth, and control inflation. Those following export-oriented policies have generally fared better than others.

Population

The progress made by developing countries is the more impressive considering that their populations have been growing at historically unprecedented rates. During 1950-75, their total

population increased at 2.4 percent a year. This is substantially faster than the population growth rates—typically about 1 percent a year—that the now developed countries had to contend with during the period of their industrialization.

5. Developing Countries: Birth and Death Rates, 1960 and 1975
(Median values)

	Crude Birth Rate per Thousand Population		Crude Death Rate per Thousand Population	
	1960	1975	1960	1975
Low Income Countries	48	47	26	20
Middle Income Countries	45	40	17	12

Source: *World Development Indicators*, Table 15.

The growth of population in developing countries over the past twenty-five years illustrates how complex are the interactions among various factors in development. The decline in mortality that was a prime cause of the acceleration in population growth was the result of the earliest efforts at improving living standards, including the establishment of public health systems and mass eradication campaigns against such major diseases as malaria, smallpox, and cholera. But the increase in life expectancy was not accompanied by a decline in fertility, for a variety of reasons. Indeed, in some countries, the improvements in public health and nutrition led to an increase in birth rates, since they reduced the infertility in women caused by ill-health.

Declines in fertility associated with economic development have been documented in developing countries, especially in East Asia and parts of South Asia. Nevertheless, total fertility rates² are still over 6 in developing countries, compared with about 2.3 in industrialized countries, the latter being close to the levels associated with a stationary population. Even on optimistic assumptions about how fast fertility will decline in the developing countries, their population will continue to expand well into the twenty-first

6. Developing Countries: Population, 1950-2000
(Billions)

	1950	1975	2000 ^a
Low Income Countries	0.7	1.2	2.0
Middle Income Countries	0.5	0.9	1.5

^aThe assumptions on which these projections are based are described in the Notes to Table 16 in *World Development Indicators*.

²For a definition of this term, see the Notes to Table 15 in *World Development Indicators*.

century. An estimate of their total population in the year 2000 is shown in Table 6.

Eventually, the process of development is likely to reduce fertility and slow down the pace of population growth, working through such forces as the education and employment of women; the desire that children should be educated, and hence the wish to limit family size to ensure better provision for each child; and the perception that children have a better chance of surviving, leading to a willingness to limit the number of births. But, particularly in the poorest countries, these forces are insufficient. The pressure that rapid population growth exerts on resources, and the difficulties it imposes for raising income and employment levels, make the spread of effective family planning programs an urgent matter.

Even with effective programs to reduce population growth rates, the dynamism of the present demographic structure means that population will continue to increase for several decades. Many countries still have grossly inadequate programs and some, particularly in Africa, have not yet taken account of the problems that the present demographic situation implies for the future. Though the population in developing countries will continue to grow for decades ahead, effective action now can shorten the time required to achieve a stationary population and reduce its ultimate size.

Urbanization

Rapid urbanization has been one of the major features of the past twenty-five years, as the difference in economic opportunities between urban and rural areas has widened. Urban populations in most developing countries have expanded far more rapidly than total population. This is only partly because of the increase in industrial activity: many biases in policy have created strong incentives to expand economic activity in urban rather than rural areas, and have thus encouraged people to move to urban areas in the expectation of higher paid jobs and better access to services. Far more people have migrated to urban areas than could be absorbed, and despite large investments in urban infrastructure, the result has been a severe strain on urban services and labor markets.

In most developing countries, this strain is reflected in highly dualistic urban systems, where islands of high income "modernity" coexist with shanty towns and slums. The permanence of the new peripheral urban settlements has not been adequately recognized, and municipal financing and management have not received

the attention they need. As a result, little has been done either to deal with the appalling inadequacy of essential services, such as sanitation, in these settlements, or to assist the large part of the urban economy that consists of small-scale and informal production activities, which operate at low levels of productivity.

7. Developing Countries: Urban Population, 1960-75

	Percentage of Total Population		Average Annual Growth Rate
	1960	1975	1960-75
Sub-Saharan Africa	14	19	5.0
North Africa and Middle East	32	44	5.0
Latin America	49	61	4.3
Asia	17	22	4.0
Southern Europe	40	51	3.2

Source: *Selected World Demographic Indicators by Countries, 1950-2000* (New York: United Nations, 1975)

While the problems are easily apparent, solutions are not. Urban growth requires large investments in infrastructure and these compete with alternative uses of scarce investable resources.

Investment and Savings

The development strategies of most countries have laid considerable stress on expanding investment in order to accelerate economic growth. Efforts have been made to raise the rates of gross domestic investment through public investment and through measures to encourage private investment, although the relative proportions of public and private investment have varied, reflecting different views on the role of the public sector.

8. Developing Countries: Investment and Savings Rates, 1960 and 1975

(Percentages of gross domestic product, at current prices)

	Low Income Countries		Middle Income Countries	
	1960	1975	1960	1975
Gross Domestic Investment	14.7	19.1	20.2	26.4
Financed by:				
Gross Domestic Savings	11.6	15.6	17.8	22.1
Net Foreign Resource Inflows	3.1	3.5	2.4	4.3
Note:				
Net Foreign Resource Inflows as a Percentage of Investment	21	18	12	16

Generally, the developing countries have been successful in raising investment and savings

rates. In the Middle Income countries, inflows of external capital have increased as a percentage of both gross domestic product and investment, playing a major role in financing the increase in investment. The Low Income countries have been remarkably successful in raising their domestic savings, although their investment rates in 1975 were only comparable to those achieved by the Middle Income countries fifteen years earlier. In part, this is because foreign resource inflows have supplied a decreasing share of investment, reflecting the relatively slow growth of concessional capital and the limited access of these countries to the rapidly expanding sources of commercial capital. Their domestic savings rates have also been lower than those of the Middle Income countries, because of their lower income levels. The wide difference in investment rates, especially when allowance is made for depreciation, has certainly been an important reason for differences in the growth rates of the Low and Middle Income countries. There have also been major policy differences among countries, affecting the efficiency of investment. As a result, some countries with similar rates of investment have achieved very different rates of growth of output.

The types of difficulties in raising investment levels differ among individual Low Income countries, but they essentially reflect the shortage of entrepreneurial and managerial talent and the difficulties of increasing savings at low levels of income. In some countries which are still at an early stage of development, especially those in Sub-Saharan Africa, there have been serious difficulties in identifying profitable investment opportunities. Efficient investment requires a dynamic entrepreneurial class and public institutions sufficiently well manned and established to identify and implement a broad range of productive projects. Many countries are meeting these conditions only gradually; indeed, the creation of an entrepreneurial class and of appropriate public institutions was precisely their first task of development.

In many countries an important reason for the difficulty in raising savings rates is a continued reliance on commodity taxation, which makes the revenues generated less sensitive to increases in incomes than if progressive income taxes and taxes on value added were used. In some countries, it was hoped that government enterprises would generate surpluses for investment. This has often proved unrealistic, primarily because such enterprises have been burdened with the task of meeting other social objectives, such as employment creation and

maintaining low prices for key products, and also because they lacked the management cadres needed to run them efficiently.

Moreover, governments have found it extremely hard to restrain the growth of their consumption expenditure enough to bring about the anticipated increase in public savings. The high level and rapid growth of government consumption in the poorest countries illustrates the dilemma they face in seeking to meet urgent needs in the face of rising expectations, and simultaneously raising savings to finance increases in production for the future. The changes in the ratios of current government consumption to total output are shown below:

9. Developing Countries: Government Consumption Expenditure as a Percentage of Gross Domestic Product, 1960-75
(At current prices)

	1960	1970	1975
Low Income Countries	8.8	10.4	13.9
Middle Income Countries	11.0	12.2	13.1
All Developing Countries	10.5	11.9	13.2

By 1975, the poorest countries assigned a slightly higher share of gross domestic product to government consumption than the richer countries, and certainly a much higher share than the latter did at a comparable stage of development. The share of government consumption expenditure in the Low Income countries rose by almost 58 percent between 1960 and 1975. The reasons for this growth are not hard to find. The past twenty-five years have seen a tremendous expansion in the development role of governments in developing countries, and a great deal is expected from governments even in relatively poor countries. Fulfilling this role by providing such services as health and education, which are important for development and politically compelling, requires a substantial allocation of resources.

The Impact on Poverty

Economic development has brought improvements in the quality of life, but progress has been slow and uneven. Better nutrition and health have raised life expectancy, and infant mortality has been brought down, though it is still at alarmingly high levels (see Table 10).

About 40 percent of the population of developing countries, nearly 800 million people, are still living in absolute poverty. The majority of them are in rural areas, with the greatest concentration in South Asia and Indonesia. Sub-

10. Life Expectancy and Infant Mortality, 1960 and 1975
(Median values)

	Life Expectancy at Birth (years)		Infant Mortality per Thousand	
	1960	1975	1960	1975
	Low Income Countries	36	44	142	122
Middle Income Countries	49	58	72	46
Industrialized Countries	70	72	25	15
Centrally Planned Economies	66	70	..	..

.. Not available.

Source: *World Development Indicators*, Table 17.

Saharan Africa also has a high proportion of its population in absolute poverty, although the total number of poor people is much smaller, because of Africa's much smaller population. In addition to the absolute poor, many more people have inadequate access to essential public services, such as health care, safe drinking water, and sanitation. As Figure 1 shows, they include substantial proportions of the population in the Middle Income countries.

Historical experience suggests that the poorer members of the population are unlikely to share equitably in economic growth, mainly because they have less access to the productive assets needed to generate incomes—land, credit, education, and jobs in the modern sector. In the poorest countries, with their slow average rate of growth, the incomes and consumption levels of the poorer half of the population have stagnated. Worse, in countries where agriculture has expanded more slowly than population (parts of South Asia and Sub-Saharan Africa), the incomes of some of the rural population have probably declined.

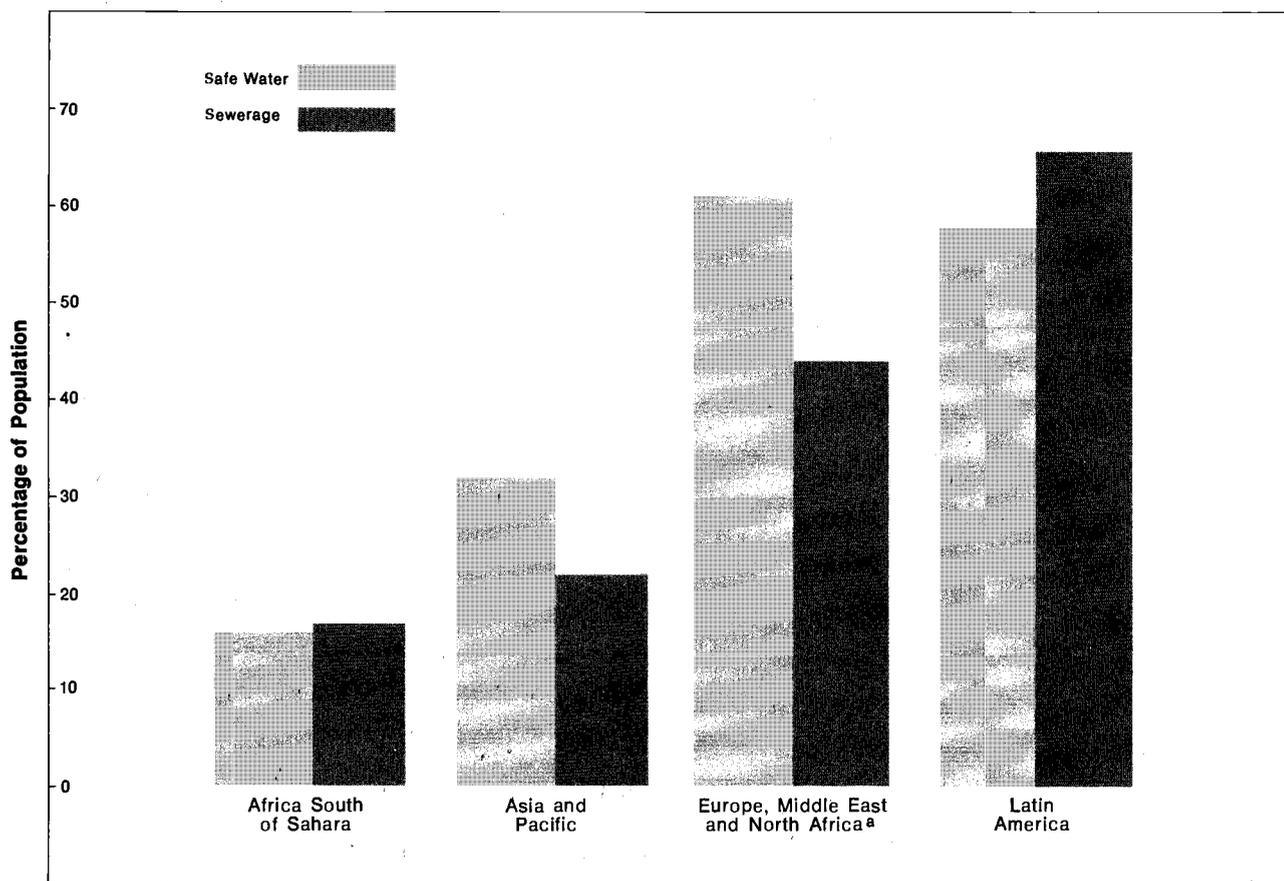
In some fast growing countries, notably the Republic of China (Taiwan), the Republic of Korea, and Yugoslavia, the benefits of growth appear to have been fairly equally distributed. This may be explained by an important characteristic that these three countries have shared: prior to their rapid growth, they had a wide dispersion of skills and an equitable distribution of assets, including land, as a result of the land reforms in the Republic of Korea and the Republic of China, and the extensive reform of property relations, involving social ownership and worker management, in Yugoslavia. These initial conditions, however, are not characteristic of most developing countries.

In general, experience suggests that the distribution of income is likely to worsen in the course of economic growth. However, even if income disparities increase, the incomes of the poor can rise. Particularly where people are at

The International Environment

The expansion in the international economy over most of the 1950-75 period has contributed to rapid economic growth in many developing countries, as trade has been liberalized and cap-

Figure 1: Access to Safe Water and Sewerage: Developing Countries, 1975



^aIn this figure, "Europe" refers to Greece, Portugal, Spain, Turkey, and Yugoslavia.

Source: *World Health Statistics Report*, Vol. 29, No. 10 (Geneva: World Health Organization, 1976).

the margin of survival, it is their income levels, rather than their relative position in the distribution of income, that require the most urgent attention.

ital flows have expanded. Nonetheless, the economies of the developing countries are still small, relative to those of the industrialized countries, despite the significant rise in their share of total GNP since 1960.

11. Developing Countries: Relative Size, 1960 and 1975

	Developing Countries (billions)		Industrialized Countries (billions)		Percentage Share of Developing Countries in Total ^a	
	1960	1975	1960	1975	1960	1975
Population	1.4	2.1	0.6	0.7	70	75
GNP ^b	460	1,048	2,071	3,841	18	21
Value Added in Industry ^b	120	350	745	1,483	14	19

^aShare in the total of developing and industrialized countries.

^bThese data are in 1975 US dollars, using official exchange rates between national currencies which may not properly reflect differences between countries in purchasing power. For a further discussion of this problem, see the Notes to Table 1 in *World Development Indicators*.

Growth of World Trade

In the industrialized countries, the years of reconstruction after World War II were followed by a long period of rapid economic growth, averaging 4 percent a year from 1950 to 1975. The growth was particularly fast, averaging 5 percent a year, in the decade prior to the increase in oil prices in 1973.

With this rapid expansion of the OECD economies and sustained progress in the liberalization of international trade through successive rounds of negotiations under the auspices of the General Agreement on Tariffs and Trade, there was a tremendous increase in world trade. This was led by trade among industrialized countries, boosted by regional integration in Western Europe. The volume of industrialized countries' exports increased by 7 percent a year in the decade of the 1950s, and the increase accelerated to 8.5 percent a year between 1960 and 1975. The volume of their imports rose by 7.5 percent and 8.5 percent a year, respectively.

Over the past twenty-five years, developing countries have emerged as a major market for the manufactured exports of the industrialized countries. Apart from trade within Western Europe, the growth of those exports has been led by exports to developing countries.

12. Increase in Industrialized Countries' Trade in Manufactures, by Country Groups, 1960-75 (At current prices)

	Share of Increase in Industrialized Countries' Imports of Manufactures (percent)	Share of Increase in Industrialized Countries' Exports of Manufactures (percent)
Trade within Western Europe	55	38
Other Trade among Industrialized Countries	34	24
Trade with Developing Countries	9	29
Trade with Capital Surplus Oil Exporting Countries	—	3
Trade with Centrally Planned Economies	2	6
World	100	100

— Negligible.

Sources: United Nations Yearbook of International Trade Statistics (New York: United Nations, UN Statistical Office, 1976); and Handbook of International Trade and Development Statistics (Geneva: United Nations Conference on Trade and Development, 1976).

Growth and Diversification of Developing Countries' Exports

The developing countries' exports have increased more slowly than those of the industrialized countries over the last twenty-five years, although there have been very important differences in growth rates among countries.

13. Growth of Merchandise Exports, 1960-75 (Average annual percentage growth rates, at 1975 prices)

	Total World Trade	Industrialized Countries	Developing Countries
Food and Beverages	4.1	5.2	2.8
Non-food Agricultural Products	4.5	5.6	2.6
Non-fuel Minerals and Metals	3.9	3.1	4.8
Fuel and Energy	6.3	4.2	6.2
Manufactures	8.9	8.8	12.3
Total Merchandise	7.1	7.5	5.9

Sources: World Bank; United Nations Yearbook of International Trade Statistics, 1960, 1976; and Handbook of International Trade and Development Statistics, 1976 (op. cit.).

One of the reasons why developing countries' exports have increased more slowly than those of industrialized countries is their greater concentration in primary commodities. During 1960-75, developing countries' exports of manufactures, fuels, minerals, and metals rose faster than those of industrialized countries. In the agricultural commodities, in which developing countries have a large share of world trade, their exports grew more slowly than those of the world as a whole. In part, this is because of the slow growth in world demand for tropical beverages and hard fibers, which are among the major exports of developing countries. But inadequate attention to raising agricultural production has also been an important reason. Growth of population and incomes have raised domestic demand while the incentives for raising productivity have often been insufficient, and hence developing countries' exports have failed to keep pace with the growth of world demand for agricultural products.

These factors also largely explain the differences in the growth of exports of different developing countries. The exports of Low Income countries, which depend heavily on primary commodities, generally rose by less than 5 percent a year during 1960-75. At the other extreme, where manufactures have accounted for a large share of exports and policies have not been biased against exports, growth has been much more rapid. Eight countries had exports increasing faster than 10 percent a year.

14. Developing Countries: Growth of Exports of Goods and Non-factor Services, 1960-75
(At 1975 prices)

Average Annual Growth Rate (percent)	Number of Countries
Less than 0	3
0-5	26
5-10	30
10-15	4
Above 15	4

Fuel contributed about 40 percent of the increase in developing countries' exports in real terms during 1960-75. Manufactures contributed more than a third of the increase, and now amount to about a quarter of total merchandise exports. More countries have shared in the rapid growth of manufactured exports, making this one of the most significant aspects of the developing countries' performance in the past twenty-five years.

Three features of the growth of manufactured exports are noteworthy. First, they come from a rather small number of countries and territories, all of them industrially advanced compared with most other developing countries. About 45 percent come from the Republic of Korea, the Republic of China, Spain, and Hong Kong. Adding Yugoslavia, Brazil, India, Mexico, Israel, Portugal, Singapore, and Greece raises the proportion to around 80 percent. Second, since 1965, not only the majority of these countries but also several others, such as Malaysia, Colombia, Turkey, and Thailand, have achieved a spectacular expansion of their manufactured exports. Third, growing numbers of developing countries are exporting manufactures.

15. Numbers of Developing Countries with Exports of Manufactures over Selected Values, 1965-75
(At 1975 prices)

Manufactured Exports Over	1965	1970	1975
US\$2 billion	0	2	9
US\$1 billion	3	6	12
US\$500 million	7	11	15
US\$200 million	12	15	25
US\$100 million	18	22	40

Note: The numbers of countries in each category are cumulative. For example, in 1975, nine countries had exports over US\$2 billion; a further three had exports over US\$1 billion, making a total of twelve countries in this category.

Two groups of countries have fared poorly. Some of the older established exporters of manufactures such as India have increased their exports relatively slowly, and their share in the total manufactured exports of developing countries has declined substantially. Industrializa-

tion policies in these countries have relied heavily upon import substitution, with attendant disincentives to exports. Most of the Sub-Saharan African countries' manufacturing sectors are still quite small and unsophisticated, and their manufactured exports have risen much more slowly than those of other developing countries.

The growth of manufactured exports has helped many developing countries to diversify the composition of their exports, reducing their dependence on primary commodities. Within the category of manufactured exports, the expansion has been accompanied by further diversification out of textiles and into clothing, electronics, and machinery. Furthermore, developing countries have also been able to diversify their primary commodity exports: while in 1960 nearly half of the developing countries depended on a single product for 50 percent or more of their total export earnings, by 1975 less than a fifth of them did so.

The growth in export volumes of the developing countries has been accompanied by changes in their terms of trade that have eroded the import purchasing power of their export earnings.³ The prices of agricultural commodities (especially tropical beverages and agricultural raw materials) declined through the 1950s and early 1960s relative to the prices of manufactured exports of industrialized countries. The relative prices of minerals and metals have fluctuated widely, with no clear trend. The quadrupling of oil prices in 1973 produced a sharp improvement in the terms of trade for net exporters of oil, while it worsened the terms of trade for all other developing countries. The net effect of these factors was that the terms of trade for many developing countries deteriorated not only during the 1950s but also in the early 1970s. The deterioration was particularly severe for the poorest countries, further limiting the benefits they have derived from the expansion of world trade.

16. Developing Countries: Changes in the Purchasing Power of Exports, 1960-75
(Percent per year)

	Changes in Terms of Trade	Growth of Purchasing Power
Low Income Countries	-0.2	0.7
Middle Income Countries	1.9	7.0

³Movements in the terms of trade have long been the subject of controversy. It is widely recognized that generalizations about long-term declines using the early 1950s as the base period are potentially misleading, since the terms of trade facing developing countries were abnormally favorable in those years, partly because of the commodity boom associated with the Korean War.

Capital Flows

Flows of capital to the developing countries on both concessional and market terms have played a crucial role in supplementing their import and investment capacity. The past twenty-five years have seen the establishment of bilateral aid programs in virtually all industrialized countries and a growing volume of increasingly concessional assistance. The number of international agencies concerned with various aspects of development has increased, as have the resources channeled through them to the developing countries.

However, despite the growth of institutions and the rapid expansion of aid flows in the 1950s and early 1960s, resource transfers on concessional terms have fallen considerably short of expectations, of need, and of the capacity to use them effectively. The target for the United Nations' First Development Decade was to transfer 1 percent of the GNP of industrialized countries in the form of aid and private investment. Subsequently, a target of 0.7 percent of GNP was accepted for aid flows only. While Official Development Assistance (ODA) to developing countries from members of the Development Assistance Committee of the OECD increased rapidly in the 1950s from its low initial levels, in the 1960-75 period its real growth was only 1.4 percent a year. Aid flows as a percentage of donors' GNP declined to less than half of the target of 0.7 percent by 1975. The poorest developing countries, particularly the large South Asian countries, were the ones worst affected by the slow growth of these flows.

International lending at market terms, from private and public sources, has evolved quite differently. It grew quickly in the late 1960s but expanded dramatically after 1973, as the surpluses of OPEC countries were channeled to developing countries to sustain investment levels and finance balance of payments deficits.

Because of the more rapid growth of lending from private sources than from official sources, the maturity structure of the developing countries' debt has deteriorated. Most of the increase in private lending has gone to the Middle Income countries and has consisted of medium-term Eurocurrency loans. The access of the developing countries to the international bond market has remained extremely limited.

Private direct investment in developing countries has grown at an annual rate of about 6.5 percent in real terms since 1960, and has accounted for a significant share of the total capital flows to many countries. However, it has mainly been directed to manufacturing indus-

tries in Middle Income countries and to mineral development. Almost half has gone to Latin America. Private direct investment has also been an important channel for the transfer of technology and the introduction of more modern management techniques.

Tourism and Remittances

A by-product of the growing prosperity in the industrialized countries has been the growth of tourism and the temporary migration of workers from developing to more developed countries, yielding substantial remittances of foreign exchange. Revenues from tourism reached almost 1 percent of the aggregate income of developing countries in 1975. For some countries, tourism revenues are a very important source of income and foreign exchange: they amounted to over 3 percent of GNP in 16 countries in 1975, including Egypt, Jamaica, Jordan, Kenya, Mexico, Morocco, Trinidad and Tobago, and Tunisia. In over 20 countries, they were equivalent to over 10 percent of the earnings from exports of merchandise.

The net flow of workers' remittances was of about the same magnitude as tourism receipts. Remittances received by six major exporters of labor to Western Europe (Algeria, Greece, Morocco, Tunisia, Turkey, and Yugoslavia) reached an estimated US\$5 billion in 1975, the equivalent of a quarter of the total exports from these countries. Remittances to countries that are the major suppliers of workers to the Middle East (Egypt, Jordan, India, Pakistan, Syria, Yemen Arab Republic, and the People's Democratic Republic of Yemen) have been growing very rapidly in recent years. By 1975, they had already reached US\$1.5 billion and are estimated at US\$2.8 billion in 1976.

Conclusions

In the face of rapidly growing populations, the substantial progress of the past twenty-five years in accelerating growth, modernizing economies, and raising living standards has been neither sufficiently fast nor sufficiently broad-based to reduce the numbers in absolute poverty. This is despite the fact that during this period some of the easier opportunities for increasing output have been used up. For example, part of the agricultural growth in the past has been based on bringing unused land into production and drawing on the existing stock of technical knowledge in agriculture. Furthermore, even if trends in reducing fertility remain favorable, the population in developing countries is likely to reach 3.5 billion by the year 2000, compared with 2.1 billion in 1975.

The most important requirement for progress in alleviating poverty is the acceleration of growth in the Low Income countries, which in the past have grown only half as fast as the Middle Income countries. In both groups, it will be necessary to maintain high levels of saving and investment. The scarcity of resources to deal with the most urgent problems of poverty, malnutrition, and disease is most acute in the Low Income countries, where there is constantly a difficult choice between investment to increase future production capacity and expenditures to meet urgent consumption needs.

The past, of course, is not a clear guide to future development strategies. The successes and failures have occurred in a wide variety of physical settings, initial conditions, and policy environments. While some general lessons stand out, many of the interactions between growth and poverty, between income and population growth, and between incentive systems for producers and increases in output, remain unclear. Even more uncertain is the possible nature and rate of change of social structures, and the impact of social change on output and its distribution.

With their expanding industrial capacity, the developing economies can no longer be viewed as simple suppliers of primary products. The growth of modern industry has been accompanied by an increasing capability for product design and development. The developing countries

are now a substantial market for exports from the industrialized countries. The growth of this market has been sustained by the developing countries' ability to borrow in international capital markets; and their capacity to service their debt depends on the foreign exchange generated by their exports, most of which are still sent to the industrialized countries. These structural relations are as important for their future prospects as the changes which have occurred in their domestic economies.

The rapid growth of international trade and capital flows has made a vital contribution to the substantial achievements of developing countries. However, not all countries have benefited equally. Those with trade-oriented economies have been able to exploit the favorable opportunities for expanding exports, and a growing number of Middle Income countries have gained access to international capital markets. But in the poorer countries, which depend on Official Development Assistance for all or most of their capital requirements, the very slow rise in the supply of these funds has seriously hampered their growth.

The issue for the future is whether the international environment will continue to be as supportive of development as in the past twenty-five years. The following chapters explore the prospects for the developing countries, beginning with a discussion of the fundamental policies affecting the evolution of the world economy.

Chapter 3: International Policy Issues

Interdependence in the world economy is not a new phenomenon—it has been growing in importance for decades, if not centuries. But it is perhaps not yet fully understood how far the process has now come, nor how much further it will go even in the next decade. The imbalance in world food demand and supply, and the rise in oil prices in recent years, have signaled some of the more dramatic aspects of interdependence. They have made more people aware of the importance of maintaining stable trading relationships in these vital commodities. But interdependence characterizes many more aspects of international relations.

With their expanding industrial capability, increasing numbers of developing countries are now involved in the massive rearrangement of international comparative advantage that started among the industrialized countries. This process of adjustment is very far from being completed. Large-scale international labor migration and the growth of tourism have helped to intensify the economic links between industrialized and developing countries.

There has been a dramatic expansion in the flow of capital on market terms to the developing countries. The international operations of the leading commercial banks—as suppliers of medium-term investment loans to developing countries—have expanded enormously. Some developing countries are technologically backward and have more capital than they can invest; other developing countries, despite their extensive modern industrial sectors, have large capital requirements and must borrow internationally to finance their investment and economic growth.

At present, with the slow recovery from the turbulence of recent years, there is widespread uncertainty as to how the international economy will evolve. This chapter discusses the policy issues and possible developments in various aspects of the international economy as they affect the developing countries. It examines the prospects for economic growth of the industrialized countries, the rise of protectionist pressures in those countries and the implications for developing countries' exports, the outlook for food and energy, and the prospects for flows of capital from industrialized to developing countries.

The Growth of the Developed Economies Industrialized Countries

The industrialized countries purchased nearly two-thirds of all the merchandise exports of developing countries in 1975. Since the industrialized countries' demand for imports depends on their income, their economic growth is very important to the export and growth prospects of developing countries. The growth and external payments situations of the major industrialized countries have been very volatile in recent years and this gives cause for caution in projecting their prospects as a group. Most observers agree that their economic growth will be slower in the next decade than the 5 percent a year they maintained in the 1960s and early 1970s; this is because of their continued difficulty in managing aggregate demand and combating inflationary pressures. The problems of resuming a high rate of growth are aggravated by the rapidly changing imbalances in external payments. The lack of consistency among the balance of payments targets of different industrialized countries appears to have given their adjustment policies a deflationary bias; most of the deficit countries have applied deflationary policies, and even in the surplus countries expansionary policies have been far from vigorous.

17. Industrialized Countries: Growth of Gross Domestic Product, 1960-85

(Average annual percentage growth rates, at 1975 prices)

	1960-70	1970-75	1975-85
North America	4.0	2.4	4.3
Japan and Oceania	9.4	5.0	5.6
Western and Northern Europe	4.7	2.5	3.5
All Industrialized Countries	4.9	2.8	4.2

Though observers differ in their estimates, it appears reasonable to assume that the industrialized economies will grow at 4.2 percent a year, on average, from 1975 to 1985. Allowing for the rather slow growth in recent years, this assumes that Japan's economy will grow at about 6 percent a year for the remainder of this period, offset by slower growth in Italy, the United Kingdom, and some other countries in Europe. The United States, Germany, and France are assumed to grow at about the average

rate for the group. The growth rates cannot be much lower than these projections without causing intolerably high unemployment and a divergence between the growth of labor productivity and wages, resulting in rising unit labor costs.

The interrelations between growth, inflation, wages, and external payments equilibrium are influenced by a wide range of policies, including monetary, incomes, and trade policies, a discussion of which is beyond the scope of this report. Of particular relevance to the growth of developing countries, however, is the increasing tendency to rely on protection against imports to cushion the impact of the prolonged recession on employment, thereby delaying some of the difficult structural adjustments that are necessary if there is to be a return to a higher growth path.

If there is a significant increase in protectionism, it is unlikely that the economic growth of the industrialized countries will reach the levels assumed here. Open trade policies, which characterized the 1960s, make an important contribution to the pace of growth in industrialized countries in several ways: by fostering a division of labor that accelerates the upgrading of skills and labor productivity in industry, encouraging technological progress; by providing an inflow of manufactured articles at lower prices, thus increasing real purchasing power and reducing the inflationary pressures that inhibit the pursuit of growth through expansionary monetary and fiscal policies; and by stimulating growth in the developing countries, causing a further expansion in the markets for the industrialized countries' exports.

Centrally Planned Economies

The growth of the centrally planned economies (CPEs) does not materially affect the developing countries. The CPEs accounted for only about 5 percent of developing countries' exports in 1975, and about 40 percent of those exports consisted of food and beverages. Trade between the two groups of countries has not grown as rapidly as that between the industrialized and developing countries, and most of it is between relatively few countries.¹ The net contribution of aid from the CPEs to the developing countries is small.

Nonetheless, there are several respects in which the performance of the CPEs may directly influence the prospects of developing countries.

First, if the CPEs increase their exports of manufactured goods to the industrialized countries at the same rates as in the past, protectionist sentiments in Western Europe may be intensified. The value of the CPEs' exports of manufactures to Western Europe rose from US\$2.3 billion in 1970 to US\$5.5 billion in 1975—more slowly than developing countries' manufactured goods exports, but in roughly the same sensitive product categories. Second, the CPEs have borrowed sizable amounts of commercial capital in the Eurocurrency market in recent years and they are expected to continue relying heavily on this market. They may, therefore, affect the supply of medium- and long-term external capital available to the developing countries. Third, there is considerable uncertainty about the growth of the CPEs' import demand for food and fuels, and its impact on availabilities and international prices.

Protectionism in the Industrialized Countries

Recent Developments

There has been a marked increase in protectionism in the industrialized countries and pressures for further measures are strong. These pressures partly stem from the continued slow growth of the industrialized countries and their consequent high levels of unemployment, and are partly the result of the concentration of developing countries' export growth in relatively few categories of manufactured products. The protectionist measures have entailed the use of a wide variety of devices, for example "orderly marketing arrangements" and new import quotas; price floors on imports, as in the case of steel and agricultural products; new "voluntary" export restraints; "countervailing duties"; administrative obstacles to imports; and subsidies to domestic industries to sustain levels of production in excess of those justified by demand. There have been calls for the control of market shares on a regional or worldwide basis and for extending protection to a wider array of products. All these types of measures adversely affect developing country exporters: quantitative restrictions and market sharing agreements limit their sales in industrialized countries directly, while subsidies to weak industries do so indirectly.

Although developing countries' exports have continued to grow rapidly through 1977, recent policy developments affecting the trading environment have been noticeably adverse. They have taken two main forms with respect to developing countries: increasingly severe restraints on their exports, and the creation of an atmos-

¹Only eight developing countries sent more than 15 percent of their exports to the CPEs in 1976: Afghanistan, Egypt, Ghana, Mali, Peru, Syria, the Yemen Arab Republic, and Yugoslavia.

phere in which more and more producers clamor for protection with an increased probability that they will get some relief. It is not possible to forecast how, when, or to what extent the present protectionist pressures will be accommodated, or will abate, but the present situation and the uncertainty it creates for future exports is of profound concern.

The restrictions on exports of clothing and textiles from developing countries are based on a system of bilateral quotas, involving a quota on each group of textile products from a particular exporting country to a particular importing country, governed by the internationally agreed rules and procedures of the Multi-Fibre Arrangement (MFA). The MFA was originally negotiated in 1973 and has recently been extended through 1981. The provisions of the MFA designed to protect exporters have been weakened, and in the past year more restrictive quotas have been imposed. The new quotas in the European Common Market, for instance, do not merely limit growth but actually reduce import levels. For three leading suppliers (the Republic of China, Hong Kong, and the Republic of Korea), quotas for 1978 are well below their actual 1976 trade levels in several major product categories. All the significant and potentially significant exporters have seen their scope for expanding exports severely restricted by quotas that grow only slowly from past trade levels, usually by between 0.5 percent and 4 percent a year, compared with the previous norm of 6 percent a year. The new agreements also establish low "trigger levels" for further quotas that limit the scope for diversification of exports into new products. Restrictive new quotas have been imposed by other importing countries such as Australia, Canada, Norway, and Sweden, while the United States, in its new bilateral agreements, has held the quotas of its largest suppliers at the same level in 1978 as in 1977. Although the growth of imports has been greater than the limits established in the past, and this divergence may also occur in future years, the recent measures are more restrictive than previous ones and will reduce the growth in textile and clothing exports. They will affect exports not only from the major exporters but also from the smaller, poorer, and less advanced developing countries where textile products usually make up a large share of manufactured exports.

Quotas have been introduced in other categories of products that are of interest to developing countries, and there is a danger that more will follow. In recent years, imports of footwear have been subject to new quantitative restric-

tions in such countries as Australia, Canada, France, Sweden, the United States, and the United Kingdom, while quantitative restrictions have continued in force, for example in Japan. Communitywide restrictions are being considered by the European Community. Special protective measures have been introduced in steel by the European Community and the United States, posing serious difficulties for developing countries now emerging as exporters. Imports of television sets from the Republic of China and the Republic of Korea have been restricted by quotas in the United Kingdom, and are threatened in the United States and elsewhere. In the shipbuilding industry, in which developing countries have become increasingly competitive, some industrialized countries are taking special measures to support their own firms. There is a growing demand from producers in industrialized countries for protection in a wide range of other products, from petrochemicals to bicycle tires and tubes. In agriculture and food products, the barriers that most seriously affect expansion of exports from developing countries appear to be those on beef, sugar, vegetables, tobacco, and grains, and on manufactured food products of various types.

Systematic reduction of these barriers remains one of the great unfinished tasks in multilateral trade negotiations and one in which developing countries have a large stake.

In addition to direct restrictions, a great variety of other measures can have a discriminatory impact on developing countries' exports, even where this is not the original intention. Examples include industrial standards, health regulations, packaging requirements, customs valuation practices, administrative entry procedures, government procurement regulations, and subsidies on domestic production. The complexity of the procedures affecting the entry of imports is itself a deterrent to developing countries, especially those that are not already major exporters or do not use transnational firms for marketing. The codification of rules, introduction of explicit criteria for their application, and provision of reasonable time for adjustment by foreign suppliers would be among the desirable features of a trading system that operated to the mutual benefit of industrialized and developing countries.

The growing restrictions compound the uncertainty about the future. In an atmosphere where demands for protection are likely to be accepted, even protests by producers in industrialized countries against the growth of imports

can deter investors in developing countries. Countries that rely on export growth will scale down their expansion plans in export industries and cut back on associated investments. Countries that are not yet major exporters will be more hesitant about making the long-term commitment to amending the framework of their policies and encouraging the growth of exports.

Implications for Industrialized Countries

By discouraging the growth of trade, protectionist policies will disrupt the increasing division of labor that has been a major source of growth for the industrialized countries over the past twenty-five years. By delaying structural change, protectionism delays the shift of labor out of traditional industries where labor productivity is low, such as textiles, clothing, and footwear, into industries where labor productivity is higher, such as machinery and chemicals. Labor costs in the latter group of industries in the industrialized countries will therefore rise more than they would if greater labor mobility were permitted, and economic growth will be slower.

Imports from suppliers whose production costs are low can have a very beneficial effect on prices, reducing inflationary pressures and facilitating the management of demand. For instance, in the two product categories in which the United States drew a substantial share of its imports from the developing countries, prices rose considerably more slowly than those of other goods. The wholesale prices of apparel rose by only 26 percent in the United States during 1970-76, while other wholesale prices rose by 66 percent. Over the same period, prices of consumer electronics fell by 2.5 percent. Restrictions on imports from developing countries will inevitably tend to push prices up in industrialized countries, adding to the already difficult problem of persistent inflation.

That reduced growth and more inflation are costs worth paying to avoid unemployment caused by the growth of imports from developing countries is a dubious proposition for a number of reasons. First, in the aggregate, the level of employment is affected far more by the growth of the economy at large than by imports from developing countries. Second, the employment that is preserved by protection against imports from developing countries is offset by the loss of employment in industries that export to these countries. The amount of employment lost in this way has often been underestimated, but it is large and growing. A detailed study in the

Federal Republic of Germany has shown that, with a balanced growth of exports and imports, the loss of employment in import-competing industries was fully offset by the gain in employment in the exporting industries.

Furthermore, if the developing countries' export earnings are reduced, the effects on their economic growth and demand for imports will be transmitted back to the industrialized countries, with adverse effects on employment. Manufactured exports to industrialized countries have been the fastest growing category among developing countries' exports (in real terms), and restrictions on their growth will affect the ability of developing countries to sustain their economic growth and to service their debt. There is no doubt that this would result in smaller exports from industrialized to developing economies.

The size of the developing countries' import market and its importance for the industrialized countries is not widely recognized. The total exports of the industrialized countries amounted to about US\$550 billion in 1975, and fully one-quarter was purchased by developing countries. Of their total manufactured goods exports, 30 percent went to the developing countries. The dependence on developing countries' markets is greater than this average for the United States (34 percent) and Japan (45 percent). Not only are developing countries' markets of great importance to the manufacturing industries in the industrialized countries; they have been among the most buoyant elements of demand in the current recessionary period. Developing countries have been able to maintain their import levels through increased borrowing; had they been unable to do so, the demand management problems of the developed economies would have been even more difficult.

Finally, the tremendous difference in the magnitude of the trade in manufactures in the two directions should be noted: exports from industrialized countries to developing countries were worth about US\$123 billion in 1975; the reverse flow was only US\$26 billion. Thus, limitations on imports from developing countries can be self-defeating because they put at risk much larger flows of exports in the reverse direction.

These aggregate considerations are important since they define the likely net costs and benefits to the economy as a whole. They cannot, of course, allay the concerns about specific sectors or regions where adjustment may be necessary. But even at the sectoral level, the effect on employment is small in comparison with that

of other influences, including technology and changes in demand, that are the driving forces for structural shifts and growth in the economy. A number of studies have shown that, within a given industry, the amount of employment lost through competition from imports is generally much smaller than that lost because of technological changes that increase the productivity of labor. Another German study has shown that, in manufacturing as a whole, during 1962-75 growth of productivity in Germany displaced forty-eight workers for every one displaced by imports from developing countries. Even in clothing, where imports from developing countries grew rapidly and production technology changed relatively little, this ratio was more than 3 to 1.

Except in very narrowly defined product groups, imports from developing countries represent only a very small proportion of supply in the importing countries. Even for clothing, the product group that has contributed most to developing countries' export growth and where the increase in market penetration has been most rapid, the developing countries still supplied only about 7 percent of the consumption of clothing in the United States in 1976—up from less than 3 percent in 1970. In textiles and clothing together, the proportion was 4 percent in the United States in 1974, compared with about 8 percent in Germany, 6 percent in the United Kingdom, 5 percent in Canada, 4 percent in Japan, and 2 percent in France. Thus these imports have only a modest impact on the industrial structure of the importing countries. Their effect on the occupational structure is even smaller because different industries share a common demand for some occupations.

For the economy as a whole, and at the sectoral level, higher imports have only a small net effect on employment. But they can pose serious problems at the level of the firm, in products that are very labor-intensive and have stable technologies—attributes that work to the advantage of developing countries with low labor costs and moderate development of skills. The difficulty of withstanding competition is most acute in firms employing unskilled labor, and where labor productivity does not rise rapidly. Because of the rigidity of wages, unit labor costs in these firms become too high for their products to compete effectively with imports, and indeed with those of other efficient firms in the industry. However, such cases call for special measures to smooth the process of adjustment rather than broad protective measures that prevent adjustment.

The present efforts in industrialized countries to facilitate structural adjustment are too limited. At present, measures are often designed to support the affected industries rather than to retrain workers and provide economic incentives for shifting labor and capital to other sectors. Moreover, very few countries have begun to look to the adjustments that will be required in future as the international economy continues to evolve and the capacity of the developing countries to export manufactured goods expands.

Only with adequate forward planning can the acute frictions accompanying the adjustment process be reduced, the benefits of trade for both importing and exporting countries realized, and some of the uncertainty removed from investment planning in developing countries. Since the continuing growth of international trade is of benefit to all countries, so is the progress that is made in adjusting to international shifts in comparative advantage. It would thus be desirable that actions by industrialized countries to safeguard their domestic industries be subject to adequate multilateral surveillance to ensure that they are sparingly used; that they allow for some reasonable growth in competing imports; and that they are accompanied by measures that facilitate the shift of labor and capital away from the affected industries so that the safeguards can be dismantled in due course.

Implications for Developing Countries

How strongly the protectionist measures in the industrialized countries will affect the growth of developing countries' manufactured exports will depend, in part, on how strictly the negotiated quantitative restrictions are applied. For example, although the Multi-Fibre Arrangement initially included provisions by which developing countries' exports of textile products would grow in volume at annual rates of 6 percent, the actual growth up to 1976 vastly exceeded that figure. For many reasons, this performance is unlikely to be repeated: protectionist sentiment is stronger, the bilateral agreements in force now cover more products and permit lower growth rates, and many of the possible gains from upgrading the quality (and price) of specified products have already been used up. How fast exports covered by the Arrangement can grow in the next decade will depend on how existing quotas are administered as well as what is done when they expire.

A factor with important implications for developing countries' exports is the extent to which protectionism in the United States and

Europe is really directed against imports from Japan. Some of the developing countries are following in Japan's path, expanding exports of labor-intensive manufactures as Japan moves out of them because of rising labor costs. Their opportunities for expanding exports will depend on further shifts by Japan into exports of more sophisticated products and on the extent to which protectionist pressures will be moderated by a more liberal import policy in Japan. If Japan faces severe resistance to expansion of its exports of automobiles, sophisticated electronics, and machinery, it is less likely to relinquish its remaining shares in the other types of products it currently exports. The same argument applies to shifts between developing countries at different stages of industrial sophistication. For example, the Republic of Korea and the Republic of China cannot phase down their exports of garments and footwear unless they can expand adequately in consumer electronics and metal products.

Thus it is incorrect to assume that protectionist curbs on the growth of textiles and clothing imports into industrialized countries only affect the countries that are currently the major exporters of these products. Indeed, the most painful effect might well be felt in countries that are just emerging as significant exporters of manufactured goods.

The direct and indirect effects can be better appreciated if one categorizes developing countries by the nature of their manufactured export activities as follows:

- *The three major East Asian exporters of clothing and textiles, the Republic of China, Hong Kong, and the Republic of Korea, which together account for over one-third of developing countries' manufactured exports and over three-fifths of their clothing exports to industrialized countries. Textile products are still a large share of their total exports: in 1976, this share was 44 percent in Hong Kong, 36 percent in the Republic of Korea, and 28 percent in the Republic of China. However, their manufactured exports are already quite diverse and include an increasing share of technically complex products. Severe restrictions on their exports of clothing and textiles will adversely affect their economic growth, but they are likely to redouble their efforts to develop their machinery sectors and diversify their exports. They are sufficiently advanced in their industrial and manpower development to succeed in the longer run, to a large*

extent offsetting the effects of the protection in textiles and clothing.

- *Other developing countries that are relatively advanced industrially, such as Argentina, Brazil, Greece, India, Israel, Mexico, Singapore, Spain, and Yugoslavia, which export a wide range of manufactures both to industrialized and to other developing countries. They are less dependent on exports of textiles and clothing to industrialized countries. Present policies in some of them do not allow their export potential to be fully exploited. Thus, apart from the direct effect it has on demand for their exports, the rise in protectionism among the industrialized countries might also discourage a shift in incentives toward the promotion of exports to improve their growth.*
- *Countries beginning to be successful exporters of manufactures, such as Colombia, Malaysia, Morocco, Pakistan, the Philippines, Thailand, and Turkey. Growth prospects in these countries are likely to suffer heavily from increases in protection in textiles and clothing. The complexity of the detailed quota system in these products means that even the full use of quotas requires a dynamism, flexibility, and adaptiveness not shown by many of these countries in the past, and made difficult by their frequently cumbersome and restrictive import regimes.*
- *Economies at a low level of industrial development, with only a small volume of manufactured exports, consisting largely of processed agricultural commodities. The growth of their manufactured exports is limited mainly by their low level of industrial development and shortage of skills. However, some of these countries, such as Bangladesh, Indonesia, and Sri Lanka, are already being affected by quotas in textile products. Many of the other countries in this category have preferential arrangements with the European Community and are less affected, but most face at least some threat of restrictions on textiles and clothing if the present pressures continue.*
This discussion has focused on the consequences of the growing protectionism in industrialized countries, but the reasons why protectionism is essentially self-defeating in the longer run are of general applicability. Protectionist measures are common in the developing countries as well. For many, particularly those still at the early stages of industrialization, protection can be justified. But for those that are

well advanced in the development process, the adverse effects of industrial protection on economic efficiency and growth become increasingly evident. These developing countries will also face adjustment problems in increasing their competitiveness and diversifying their exports. Moreover, they are precisely the countries that have the greatest stake in avoiding an increasingly restrictive trading system. To maintain the benefits of liberal trade will demand a cooperative approach. The strength of such an approach would be enhanced if the developing countries were to participate more actively than in the past in multilateral trade negotiations and in efforts to reduce barriers to increased trade.

Trade in Primary Commodities Other than Fuel

Primary commodities occupy a very different place in developing countries' trade from manufactures. Developing countries supply about a third of the world's exports of primary commodities other than fuel, whereas they supply only a tenth of the world's manufactured exports. About half of the major non-fuel primary exports of developing countries consists of commodities that are not produced in industrialized countries. The developing countries' share of world trade in primary commodities (excluding fuels) has fallen, whereas in manufactures it has been rising. The share of primary commodities, excluding fuel, in total developing country exports of merchandise declined from 68 percent in 1960 to 34 percent in 1975, while the share of manufactures rose from 14 percent to 26 percent during the same period.

In primary commodities, the problem of market access too is different. In non-agricultural primary products, tariffs are low or non-existent and there generally are no non-tariff barriers. As noted in the previous section, protection against imports of agricultural commodities is of long standing. Relatively few countries have been committed to as free a trade regime in agricultural products as in manufactures, and very little has been done over the years to reduce these barriers. Since they are intimately connected with domestic price policies and farm support programs, they are likely to be the most difficult to deal with. The demand for primary products grows much less rapidly than for manufactures, and in some commodities there have been serious excesses in global production. In general, demand for imports of primary products in the industrialized countries grows at about the same rate as incomes, whereas that for manufactured imports grows twice as fast. The

slow growth of import demand, the strong protection against agricultural imports, and the fact that they supply a large share of world primary commodity exports, makes it exceedingly difficult for developing countries to increase their primary exports.

Aside from questions of market access, the main concern of primary exporters is the fluctuation of commodity prices and export revenues. Of these problems the more tractable, and probably the more important, is that of revenue instability. Large fluctuations in export revenues cannot be adequately handled by individual countries holding foreign exchange reserves, and are liable to upset investment and economic growth. This problem is addressed directly by the Compensatory Financing Facility of the International Monetary Fund and by the Stabex program under the Lomé Convention. Although more modest in scale, Stabex funds are highly concessional, on a grant basis to the poorest countries, and disburse rapidly. Various improvements have been made to these schemes in recent years and others are under active discussion. It would be desirable to extend the coverage of these schemes to more items, and to arrange for longer-term lending for structural adjustments necessitated by medium-term fluctuations in commodity prices.

Price instability is a general problem affecting primary commodities, and is inherent in a situation where both demand and supply are insensitive to changes in price in the short run. As shown in Table 18, commodities accounting for about a third of developing countries' primary exports (other than fuel) experienced price fluctuations of over 10 percent from one year to the next. Price instability affects both consumers and exporters. Especially in products for which synthetic substitutes are available, as for jute, sisal, cotton, and rubber, excessive price fluctuations may lead consumers to seek substitutes, resulting in a long-run decline in demand. If fluctuations in international prices are allowed to influence producer prices in the exporting country, they can lead to wasteful cycles in investment and supply. The consequences of instability are difficult to measure, but can be very harmful to countries that depend heavily on primary exports—countries that often have pressing import needs and inadequate access to credit.

But price fluctuations are difficult to moderate, as shown by the numerous attempts to reach and sustain agreements among exporters and importers. The problem has been closely studied,

18. Primary Commodities Classified by Degree of Price Instability

		Index of Instability ^a					
0-5		5-10		10-15		Over 15	
Tea	1.3	Coffee	6.5	Sugar	13.9	Copper	5.0
Bananas	1.2	Cotton	4.0	Rubber	3.5	Cocoa	2.6
		Iron Ore	3.6	Phosphate Rock	2.6	Zinc	0.7
		Maize	2.3	Rice	1.6	Fishmeal	0.5
		Logs	2.2	Palm Oil	1.4	Copra	0.4
		Tobacco	1.9	Beef	0.7	Sisal	0.2
		Tin	1.7	Wool	0.6		
		Oranges	1.4	Coconut Oil	0.5		
		Soybean Meal	0.8	Groundnut Oil	0.4		
		Bauxite	0.7	Lead	0.4		
		Manganese Ore	0.6	Lemons	0.2		
		Wheat	0.6				
		Grain Sorghum	0.5				
		Groundnuts	0.5				
		Jute	0.2				
Total	2.5		27.5		25.8		9.4

Note: The figure shown against each commodity indicates its percentage share in total developing country exports of all primary commodities, excluding fuel, in 1975.

^aThe index is based on a five-year moving average of prices for 1955-76. It measures the average percentage deviation of the annual price from the five-year moving average. It does not take account of short-term fluctuations in prices.

and specific proposals to reduce the amplitude of price fluctuations are now being discussed intensively in various international forums.

The Energy Outlook

Since the increase in the price of oil in 1973, energy has accounted for a significant share of the imports of developing countries, and the price of oil will have an important influence on their balance of payments.

countries. Table 19 gives an overview of projected trends in production and consumption, based on the assumption that oil prices will remain unchanged in real terms.

One of the main features of these trends is a significant rise in self-sufficiency in Western Europe (mainly because of the increase in North Sea oil production), and increased reliance on nuclear power, which is likely to supply nearly 6 percent of the total primary energy consumed

19. Primary Energy Balances, 1965-85

	Million Barrels a Day of Oil Equivalent		Average Annual Growth Rates (percent)			
	1975		1965-75		1975-85	
	Pro-duction	Con-sumption	Pro-duction	Con-sumption	Pro-duction	Con-sumption
Developing Countries ^a	24.7	15.4	6.3	7.1	4.9	6.2
(Non-OPEC Developing Countries)	(9.1)	(13.3)	(6.1)	(6.9)	(8.6)	(5.9)
Industrialized Countries	45.8	65.8	2.4	3.6	3.2	3.5
Centrally Planned Economies	38.0	36.0	5.2	5.2	4.1	4.4
Capital Surplus Oil Exporters	13.6	0.5	7.9	10.8	5.4	8.8
Total	122.1	117.7				

Note: Primary energy here refers to coal and lignite, crude petroleum, natural gas and natural gas liquids, hydro and nuclear electricity, expressed in barrels a day of oil equivalent.

^aHere, as throughout this report, the group of "developing countries" excludes only the capital surplus members of the Organization of Petroleum Exporting Countries. Thus the energy balances of other OPEC members—Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Nigeria and Venezuela—are included in those for developing countries.

Future energy prices will depend primarily on developments in supply, on active efforts to develop production potential in both industrialized and developing countries, and on stronger efforts to conserve energy in the industrialized

by the industrialized countries in 1985.

In the developing countries, rapid growth in energy consumption will be a necessary concomitant of industrialization. Energy production in developing countries other than OPEC mem-

bers is expected to grow faster than in recent years. Particularly noteworthy is the sizable oil production potential in countries that are not currently exporting oil.

The increase in oil prices has provided a great incentive for new exploration and development of indigenous fuel resources in developing countries. Assuming that the plans based on the results of these efforts will be implemented on schedule, the production of petroleum in non-OPEC developing countries is projected to more than double, from 3.7 million barrels a day in 1976 to 8.3 million barrels a day in 1985. Large increases in production are projected for Brazil, Egypt, India, and Mexico, with smaller but significant increases in many other countries, including Angola, Congo, Malaysia, Pakistan, and Zaïre.

Thirty to forty countries that do not now produce petroleum have the potential to do so economically, thereby reducing their dependence on fuel imports.² But most of these countries lack the necessary technical skills and financial resources to develop this potential, or the expertise required to obtain them from abroad on terms that are both attractive to external sources and commensurate with national interests and objectives. In some countries, the deposits might be too small to attract international companies even though their development would be of great domestic importance.

The potential for an increase in natural gas production is widespread and important, especially in Indonesia, Malaysia, Mexico, and South Asia, but to exploit it commercially will require large-scale investments in transport and processing facilities. How far countries can exploit the potential depends on the available technology for substitution and export in the next decade.

Present plans call for more rapid growth of developing countries' coal production, from 1.5 percent a year in the late 1960s and early 1970s to about 5.6 percent a year up to 1985. The known reserves of coal are concentrated in a few countries. Colombia, India, Mexico, Mozambique, and Viet Nam are expected to increase their coal production very substantially; some of the countries are likely to be able to export coking coal and steam coal.

Expansion plans for primary electricity have

also been accelerated, and generating capacity is now expected to grow by 10 percent a year, compared with 8 percent a year in the early 1970s. Countries with major new hydro power projects are Argentina, Brazil, Pakistan, and Turkey; there are other projects in Central America, India, and Yugoslavia. Nepal and many African countries have excellent hydro resources, which at present levels of domestic demand could only be exploited economically in a regional context. Little effort has been made in this direction. Nuclear generation capacity is projected to grow very rapidly from 1.1 billion watts of electricity in 1975 to 16.5 billion watts in 1985. Most of this expansion is expected to take place in countries that are approaching full development of their existing indigenous hydro and fossil fuel resources, such as Brazil, the Republic of China, and the Republic of Korea.

To realize the projected energy supplies in developing countries will require concerted action on several fronts: first, technical assistance to help build the institutional capability to plan and implement comprehensive energy development programs; second, a variety of measures, particularly by the developing countries, to establish a favorable investment climate for attracting domestic and foreign capital and know-how to this sector, ensuring that investments appear not only profitable but secure; and, third, a substantial increase in financial and technical assistance from international lending institutions which will help to mobilize the necessary capital from other public and private sources. The special characteristics of petroleum exploration and development call for very close cooperation between official and private organizations to bring this about.

Petroleum and natural gas will inevitably become more costly in the long run as production moves to more difficult sites. Although there is a wide variety of estimates of both demand and supply, the current consensus among experts is that rising costs and growing demand will exert pressure for an increase in real oil prices in the mid-1980s, unless investments to expand global energy supply are rapidly undertaken, as outlined above. To maintain a balance between supply and demand in the longer run calls for greater support for research and development activities in alternative sources of energy. The developing countries must be assured of regular access to this research, so that they can benefit from it and participate in adapting it to local conditions as early as possible. The international research effort should include work on such

²Production costs in most oil importing developing countries are estimated to range between US\$3 and US\$6 a barrel at 1975 prices. They compare favorably with the present price of imported oil, and with the costs of production in Alaska and the North Sea.

potentially low cost and abundant sources as solar energy, bio-gas and fuel from forestry and agricultural wastes, and such decentralized energy sources as small hydro units and windmills which may be of particular relevance to the developing countries, especially for rural areas.

International Food Issues

Over the past two decades, the growth in production of food in developing countries has not kept pace with the growth in demand resulting from increases in population and incomes. At low levels of income, a large part of any increase in income is spent on food. Thus, while the developing countries as a group were virtually self-sufficient in food in the 1950s, they were already importing 15 million to 20 million tons of major staple foods by 1970, half of which was in the form of food aid. Although good harvests in the poorer countries in the last few years have averted a worldwide shortage, the problem of matching food demand and supply

ized countries, which will give rise to a number of significant problems.

The first consequence will be an increase in the relative price of foodgrains—in both industrialized and developing countries. Apart from a few developing countries the future exportable surpluses of foodgrains will come largely from Canada and the United States. While those countries have the supply potential, the increase in production required can only be realized at rising marginal costs, which will be reflected in prices.

The increase in the volume and price of food imports will strain the foreign exchange position of a number of developing countries. A few foodgrain deficit countries, such as Iran, the Republic of Korea, and Mexico, are not likely to have difficulty financing the imports they require. But in most other countries, particularly the Low Income countries, mounting demand for grains will cause significant pressures on the balance of payments. As this demand reflects

20. Developing Countries: Balances in Major Staple Foods, 1975 and 1985

	1975 Deficit (estimated)		1985 Deficit (projected)	
	Million Tons	As Percentage of Consumption	Million Tons	As Percentage of Consumption
Asia	9	4.5	20	7.2
North Africa and Middle East	10	15.9	15	19.8
Sub-Saharan Africa	2	3.7	14	16.8
Latin America	—	—	—4	—3.7
All Developing Countries	21	5.0	45	8.0

Note: Major staple foods are here defined as unmilled rice, wheat, maize, sorghum, millets, oats, barley, rye, mixed grains, root crops, pulses, and groundnuts.

— Negligible.

Source: Based on Research Report No. 3, p. 44 (Washington, International Food Policy Research Institute, 1977).

at the global level will undoubtedly become more acute in the coming decade.

Assuming that production of major staple foods continues to rise at about the same rate as population and that consumption per person will rise somewhat more slowly than before, it has been estimated that by 1985 the total production of the developing countries will fall short of their demand by about 45 million tons. Excluding Latin America, which is projected to have a slight surplus in the aggregate, the other developing regions would need to import about 11 percent of their consumption demand. The figures shown in Table 20 are rough estimates and subject to considerable error. Moreover, they do not take account of the possibility that food-grain production can be increased more rapidly. The main point, however, is that developing countries will almost definitely have to purchase large amounts of foodgrains from the industrial-

urban deficits, it has a very pressing claim on foreign exchange, competing with debt service and imports of intermediate goods. Unless the domestic production of food is stepped up very rapidly, which implies radical changes in agricultural policies in most countries, their capacity to import capital goods will be affected adversely, reducing economic growth. Even with efforts to raise domestic production, the Low Income countries will require increased food aid, or other forms of concessional aid which will enable them to purchase food.

The concentration of exportable surpluses in a few countries makes international foodgrain prices more volatile, not only because aggregate supply is vulnerable to weather conditions and policies affecting production in those few countries, but also because concentration reduces the ability to increase or decrease world supply rapidly in response to changes in demand. The

latter problem is important because some of the larger countries, both developing and centrally planned, depend on imports to offset fluctuations in their domestic supply. The year-to-year changes in import demand can then be very large, even if they represent only a small proportion of annual consumption in the affected countries. If unrestrained, the volatility of prices is likely to destabilize supplies, resulting in market uncertainty and higher prices for what is an essential commodity.

The policy implications of this state of affairs have been extensively discussed in various international forums. There is a broad consensus on the need for a number of measures. First, developing countries ought to make additional efforts to increase food production, with international support in the form of financial resources and technical assistance. This is of primary importance in the Low Income countries, which are least able to purchase food commercially and where malnutrition is closely associated with the lack of purchasing power among the poor. Second, with the prospect of growing instability in international grain markets, developing countries ought to increase the size of national buffer stocks. In the many countries that have food subsidy programs, national buffer stocks are especially important to stabilize the costs of these programs.

Third, an international stock of foodgrains should be established to supplement supplies in an emergency. Although the principle of such an international food reserve has been accepted, opinions still differ widely as to its desirable size, composition, location, management, and financing. Fourth, an expanded capacity to deliver food to Low Income countries at concessional terms must be planned for, so as to enable these countries to meet their import require-

ments. When there are widespread crop failures, Low Income countries are the ones least able to allocate additional foreign exchange to purchase foodgrains commercially.

The Supply of External Capital

The principal issues in regard to medium- and long-term capital flows to the developing countries are the uncertainty about the rate of growth of lending from private sources, mainly commercial banks; the rate of expansion of multilateral lending at market terms; and whether the necessary measures will be taken to raise the flow of concessional capital.

Capital at Market Terms

On the basis of assumptions that are discussed in the following chapter, it is estimated that the developing countries' requirements for net disbursements of external medium- and long-term capital at market terms will grow by nearly 5 percent a year in real terms during 1975-85, or by about 12 percent in nominal terms, assuming an annual rate of inflation of nearly 7 percent. During 1970-75, nearly 90 percent of the increase in net disbursements of such capital came from private sources. Even allowing for a balanced growth of public and private capital flows, net annual lending from private sources to developing countries would need to grow by about 12 percent a year in nominal terms during 1975-85. Though this rate of expansion could be accommodated by the growing capacity of developing countries to service debt, there is considerable uncertainty whether the supply of private lending will grow so rapidly.

A nominal growth rate of 12 percent would be substantially slower than that of recent years. From 1971 to 1976, net lending by commercial banks to developing countries grew very rapidly: it is estimated that net lending by private finan-

21. Medium- and Long-term Capital at Market Terms, 1970-85
(Billion current US dollars)

	Net Disbursements			Debt Outstanding and Disbursed		
	1970	1975	1985	1970	1975	1985
Private	4.7	21.7	67.6	17.3	90.6	358.3
Official, including Multilateral	1.3	3.4	10.6	13.7	25.7	109.8
Total	6.0	25.1	78.2	31.0	116.3	468.1
Note:						
At 1975 prices	10.0	25.1	40.1	51.4	116.3	239.9

ments. The existence of an international stockpile would be of some help. It would also be important that, when world supplies are scarce, foodgrain exporters resist pressures to increase commercial sales at the expense of concessional

cial institutions to governments and to the private sector against government guarantees increased by about 50 percent a year. Following this explosive growth, there appears to have been some slowing down in 1977, but the rate of

increase in outstanding claims reported by banks is still high.

Such rapid growth has caused some problems. The first is that the bulk of the increased lending has gone to about a dozen developing countries, leading to sharp increases in their debt service obligations and making the lenders particularly sensitive to developments in these countries. Debt problems in any one of these countries could easily affect the willingness to lend to all developing countries. While a number of analyses have concluded that there is no general problem of developing countries being unable to service debt, individual countries may run into liquidity problems for reasons within or outside their control. Expansion in the resources of the International Monetary Fund would enhance the capacity to deal with such liquidity crises.

A second problem is the potential for instability created by the projected rapid growth in the gross disbursements from commercial banks. This is due largely to the relatively short maturity of private commercial lending, leading to high amortization requirements which must be financed by additional gross borrowing. Thus, during 1975-85, the projected increase in gross disbursements is nearly three times the increase in net disbursements. Improved access to the long-term bond markets, a better balance between the lending from private and official sources, and measures which would extend average maturities would be helpful in gradually reducing the instability of the lending structure.

Finally, how far the banks will increase their exposure in developing countries over the next several years depends on the adequacy of their capital base, and the maintenance of a regulatory environment conducive to continued active lending to the developing countries. Much of the increase in lending to the developing countries over the past few years has been handled by a relatively small number of banks. Well over half of all outstanding claims on developing countries are held by about 30 major banks. Even if concern about the adequacy of capital were to prompt a slowing of growth at some of these banks, other banks as well as non-bank private investors would welcome an opportunity to increase their share of developing country financing. Lending to developing countries has traditionally been dominated by the large money center banks in the United States. Banks in Europe (especially German banks) and Japan have been increasingly active in lending to developing countries in the recent past, and appear to have the potential for considerable further growth. A few developing countries

have increased their sales of international bonds.

Diversifying the sources of lending would improve the prospect of a stable flow of commercial capital to developing countries. Mandatory diversification among borrowers, however, poses a potentially serious threat to the projected flows of commercial bank lending. In this connection, changes in the regulatory environment could be critical. The danger is that regulatory measures designed to assure the stability of the banks in industrialized countries could inadvertently cause abrupt changes in the availability of finance to individual developing countries, thereby triggering the sort of debt crises that the regulatory measures are intended to prevent.

Uncertainty about the availability of capital from private sources and the insufficient maturities of these loans heighten the importance of the growth of capital flows from multilateral financing institutions and official export credit agencies. During 1970-75, their gross flows of non-concessional capital grew at 8.5 percent a year in real terms. The future rate of growth of these flows depends on increasing the capital base of these institutions. Proposals to do this are being considered, but as legislative action is necessary the outcome remains uncertain.

Official Development Assistance

For the Low Income countries and for the poorer Middle Income countries, the capacity to service debt remains limited and they must rely on Official Development Assistance (ODA) at highly concessional terms. As is shown in Table 22, net annual flows of ODA from the industrialized countries that make up the Development Assistance Committee (DAC) of the OECD are projected to increase from US\$13.6 billion in 1975 to US\$43.6 billion in 1985—an increase in real terms of 5 percent a year. As a percentage of the donors' GNP, the projected increase is slight, from 0.36 percent to 0.39 percent in the same period; but even this modest increase will mean an important reversal of recent trends. It will not be easy to achieve the necessary increases without an early and large increase in commitments by three major countries—the United States, Japan, and Germany. While official statements have been made in all three in support of an enlarged aid effort, they have yet to be translated into action.

In recent years, there has been a marked increase in the concessionality of ODA from DAC members and this has been a very desir-

able development. Several DAC members now provide grants, instead of loans, to the poorest countries. However, there are still a number of ways in which the usefulness of ODA could be

their GNP. A continued growth in their disbursements is projected, to US\$13.2 billion in 1985, compared with an estimated US\$5.5 billion in 1975, despite a projected decline in the

22. Net Flows of Official Development Assistance from Donors, 1965-85

	Billion Current US Dollars			Average Annual Real Growth Rate (percent)	
	1965	1975	1985	1965-75	1975-85
Members of Development Assistance Committee of OECD	6.8	13.6	43.6	3.3	5.1
Members of Organization of Petroleum Exporting Countries	—	5.5	13.2	..	2.1
Total	6.8	19.1	56.8	6.9	4.3
Note: DAC Flows as Percentage of Donors' GNP	0.34	0.36	0.39		

Note: ODA flows in this table include contributions to multilateral agencies, and the value of technical assistance.

— Negligible.

.. Not available.

Source: *World Development Indicators*, Table 12.

enhanced. The most significant would be to untie procurement: about half of the aid from DAC sources remains tied to procurement in the donor country.

With the increase in oil prices, some of the oil exporting countries have become significant sources of ODA, contributing over 2 percent of

balance of payments surplus of the capital surplus oil exporting countries during this period. In the past few years, the distribution of ODA flows from members of the Organization of Petroleum Exporting Countries has broadened, with increasing proportions going to non-Arab countries.

Chapter 4: Prospects for Growth and Alleviation of Poverty

The deep uncertainty about how the policy issues discussed in the last chapter will be resolved makes it risky to project economic growth. Nonetheless, a framework is necessary to lend perspective to the discussion of development issues and to the scope of actions required. It is for this purpose, rather than as a forecast of the future, that the projections in this chapter are presented.

Progress in the developing countries will require a combination of three elements: maintaining high rates of growth in incomes; modifying the pattern of growth so as to raise the productivity and incomes of the poorer sections of the population; and improving the access of the poor to essential public services.

Rapid economic growth is essential not only to keep pace with growth in population and provide productive employment for the growing labor force, but to generate increased savings for investment. Raising the rate of economic growth is a central element in the continuing process of modernization, strengthening institutions, spreading education, and increasing management and technical skills. It provides the resources necessary to improve living standards and extend public services.

But, in most countries, the poor are apt to be bypassed by growth: many of them have only weak links to the organized market economy; they own fewer productive assets; they are often less educated and frequently in poor health; and with lower incomes they have less ability to save and invest. Furthermore, rates of population increase are often higher among the poor, so that the productive assets they own must be more thinly spread. Modifications in the pattern of growth to increase the productivity of the poor must thus be central to an effective attack on poverty. These modifications have two essential aspects. The first is to raise the productivity of those who have some access to productive assets such as land, even if only as tenants. The second is to increase employment opportunities in both urban and rural areas, particularly by encouraging more labor-intensive patterns of production. The relative importance of these two approaches will vary in different countries. In general, however, it should be recognized that the employment problem in developing countries is not long-term joblessness as convention-

ally understood, but absence of productive earning opportunities, so that long hours of hard work yield only small incomes. Hence, the solution lies not only in accelerating the growth of employment in modern industry but also in raising the productivity of those in small enterprises.

The poor suffer not only from low incomes but also from inadequate access to public services essential to their health and productivity. As many of these services, such as sanitation and water supply, cannot be privately purchased, an expanded public program for wider distribution of services must be an important element of strategies to alleviate poverty.

The prospects for economic growth are the subject of the next section of this chapter. A global quantitative model has been used to project the growth of various groups of countries, on the basis of assumptions about trade and capital flows which are consistent with the assessment of international economic conditions in Chapter 3. Such an aggregative model is suitable for the analysis of only some of the important influences on growth, such as increases in investment and import capacity. Other important influences, such as the efficiency of resource use, institutional measures to stimulate agricultural productivity, and the interaction of demographic trends and growth potential, which can only be treated in qualitative terms in the context of specific economic settings, are discussed in the succeeding chapters on development problems and prospects in Low Income Asia, Sub-Saharan Africa, and the Middle Income countries.

Following the discussion of aggregate growth prospects is a projection of their implications for the alleviation of poverty, extrapolating from available experience of the relations between aggregate growth and the distribution of income. The last section of the chapter discusses the use of direct measures to alleviate malnutrition and improve the access of the poor to essential public services.

Growth Projections for the Medium Term

The projected rates of income growth are compared in Table 23 with those achieved in the past. The aggregate growth rate for all developing countries is projected to remain about the

same as in recent years; growth in the Low Income countries is projected to accelerate.

23. Growth of Gross Domestic Product, 1960-85
(Average annual percentage growth rates,
at 1975 prices)

	1960-70	1970-75	1975-85
Low Income Asia	2.4	3.9	5.1
Low Income Africa	4.3	2.8	4.1
Middle Income	6.3	6.4	5.9
All Developing Countries	5.5	5.9	5.7
Industrialized Countries	4.9	2.8	4.2
Centrally Planned Economies	6.8	6.4	5.1

The projected acceleration in the economic growth of the Low Income countries hinges on the assumption that their agricultural performance can be improved substantially. The prospects for such an acceleration and its implications for policy are discussed in the next two chapters, on Low Income Asia and Sub-Saharan Africa. The uncertain outlook for trade and capital flows poses severe problems for the Middle Income countries, and is projected to have an adverse influence on their growth. Some of the major Middle Income countries face large debt service obligations arising from the rapid increases in external borrowing in recent years. For them, it is vital to preserve a stable climate

mobilize domestic resources, including the reform of taxation systems, introduction of more realistic prices for public-sector products and services, restraint in government consumption expenditures, and increased incentives for private savings. Increases in the investment levels of the Low Income countries will depend on their success in raising domestic savings since the contribution of net foreign resource inflows is expected to decline from the exceptionally high levels of recent years. The Middle Income countries are expected to maintain their high rates of domestic savings. But with the need to limit external borrowing to keep their foreign debt within manageable limits, the contribution of net foreign resource inflows will decline, and consequently their investment is projected to rise more slowly than their income.

Exports

The exports of developing countries are projected to grow as shown in Table 25. Exports are the principal determinant of a country's foreign exchange availability, since they affect both its direct earnings on trade account and its access to the international capital markets. The growth prospects of the Middle Income countries, which rely heavily on capital from these markets, will therefore depend on expanding exports, mainly those of manufactures. Export earnings below the projected levels would complicate the effective management of their debt and adversely affect their creditworthiness.

24. Developing Countries: Investment and Savings Rates, 1975 and 1985
(Percentages of gross domestic product, at 1975 prices)

	Gross Domestic Investment		Gross Domestic Savings		Net Foreign Resource Inflows	
	1975	1985	1975	1985	1975	1985
	Low Income Asia	19.2	22.5	16.7	20.5	2.5	2.0
Low Income Africa	18.4	19.1	8.4	11.4	10.0	7.7
Middle Income	26.4	24.4	22.1	21.8	4.3	2.6
All Developing Countries	25.2	24.1	21.0	21.5	4.2	2.6

for commercial capital flows to avert severe balance of payments problems and a sharp decline in their economic growth. The main issues involved in the Middle Income countries' reassessment of development strategies in response to the uncertain international environment are discussed in Chapter 7.

Savings and Investment

To achieve the projected rates of growth it will be essential to sustain high domestic savings rates. Particularly in the Low Income countries, which will need to raise their savings rates substantially, this will require major efforts to

Reduced investments and slower growth would follow.

For the purposes of these growth projections, the price of oil is projected to remain at its present level in real terms. Though a large expansion of energy production capacity is planned in countries that are not at present large-scale exporters of oil, most of their incremental production will be for domestic use. As shown in Table 25, fuel exports from developing countries (which exclude the major capital surplus oil exporters) are expected to grow much more slowly than over the past fifteen years.

25. Developing Countries: Growth of Merchandise Exports, 1960-85
(Percentages, at 1975 prices)

	Average Annual Growth Rate		Share of Commodity Group in Exports	Share of Commodity Group in Increase of Exports	
	1960-75	1975-85	1975	1960-75	1975-85
	Food and Beverages	2.8	3.0	21	13	9
Non-food Agricultural Products	2.6	3.4	6	3	3
Non-fuel Minerals and Metals	4.8	5.8	7	6	6
Fuel and Energy	6.2	3.4	40	42	18
Manufactures	12.3	12.2	26	36	64
Total Merchandise	5.9	6.4	100	100	100

Exports of foodgrains from developing countries are also projected to grow more slowly than before, reflecting the rapid growth of domestic demand due to increases in population and incomes. Favorable market prospects for timber, rubber, and bauxite are projected to lead to an increase in developing countries' shares of world trade in primary commodities other than foodgrains.

Manufactured goods, which are projected to expand by about 12 percent a year, are expected to be the most vigorous element in the growth of developing countries' exports. While the share of developing countries in world merchandise trade remains about the same, their share in world exports of manufactures is projected to rise, from 9 percent to about 13 percent.

Manufactured exports has been so unpredictably dynamic in the past decade that projected magnitudes can only be regarded as illustrative. Nonetheless, it is useful to examine the potential for export growth in various categories of manufactured products and to identify some of the problems that must be surmounted in order to achieve this potential. The approach adopted is to make assumptions on the growth of textiles, clothing, chemicals, steel, and the miscellaneous category of "other" manufactures, and then consider the feasibility of achieving the growth that would be required in the category that has expanded most vigorously in the past: machinery and transport equipment.

Assuming that the present quantitative restrictions will be implemented fairly strictly

26. Manufactured Exports of Developing Countries as a Share of Markets in Industrialized Countries, 1960-85
(Percentages)

	Share in Market Growth						
	1960	1970	1975	1985	1960-70	1970-75	1975-85
In Imports	5.9	5.8	8.9	13.6	5.8	18.6	17.5
In Consumption	0.4	0.7	1.2	2.7	1.0	7.1	5.4

The industrialized countries are projected to obtain a gradually rising share of their imports of manufactures from developing countries. Even so, these imports will continue to account for an extremely small share of their total consumption of manufactures. On the assumption that trade barriers remain roughly as they are now, manufactured exports from developing countries are projected to grow more slowly than between 1970 and 1975, and to supply a smaller share than before of the growth of consumption in the industrialized countries. They are expected to account for only 2.7 percent of the market in industrialized countries by 1985.

The growth and country composition of manu-

and extended up to 1985, an annual growth of 4 percent in the volume of clothing exports and of 3.5 percent in textiles is projected. It is also assumed that the quality of these products will be upgraded somewhat, raising the projected real annual growth to 5.5 percent in clothing and 4.5 percent in textiles. These growth rates are applied to the actual exports of 1976, which were about 30 percent higher than in 1975, to give the projected growth rates of clothing and textile exports for 1975-85 that are shown in Table 27. The growth of exports in these categories could be slightly higher if there is some flexibility in the application of the import quotas.

If exports of iron and steel, chemicals, and

27. Developing Countries: Growth of Manufactured Exports, 1970-85

(Average annual percentage growth rates, at 1975 prices)

	1970-75	1975-85
Clothing	20.3	8.3
Textiles	17.8	6.2
Chemicals	16.5	13.0
Iron and Steel	10.7	14.5
Machinery and Transport Equipment	20.3	17.3
Other	10.2	10.0
All Manufactures	14.9	12.2

“other” miscellaneous manufactures grow at the rates shown in Table 27, developing countries’ penetration of industrialized countries’ markets for these products will still be modest.¹ To achieve the projected aggregate growth of manufactured exports at 12.2 percent a year from 1975 to 1985, the required annual growth of machinery and transport equipment would have to be about 17 percent, compared with a rate of growth of 20 percent a year during 1970-75.

Over one-half of developing countries’ exports of machinery and transport equipment to industrialized countries consists of electronics—a category that has grown extraordinarily rapidly in recent years to a value of over US\$3 billion in 1975. These imports accounted for 14 percent of the total imports of electronics products and for about 4 percent of the total consumption in the industrialized countries. In specific categories, the penetration is much higher, especially in the United States. About half the radios and monochrome television sets purchased by United States consumers come from developing countries. Given that this market is practically saturated, further rapid growth in developing countries’ exports of these items depends on their ability to displace producers in industrialized countries, especially Japan, and to a lesser extent in Europe.

Exports of these and other electronics products, such as office equipment and calculators, and especially electronic components, are mostly organized by transnational firms. The prospects for exports thus depend largely on the decisions made by these firms on subcontracting, the economics of which is influenced by the tax laws of the industrialized countries.

¹It is impossible to make an informed estimate of future growth in “other” manufactured exports, a category that includes a wide variety of products including footwear, plywood, toys, watches and simple products made of metal and plastic.

Another structural factor of some importance could be the evolution of technology that affects the labor intensity of electronics assembly, and hence the cost advantage hitherto enjoyed by developing countries. Though these factors suggest caution in projecting high rates of growth for developing countries’ exports of electronics, the field is a rapidly growing one, where technology changes quickly and new products can readily emerge. Provided there are adequate links to ensure the transfer of technology and to keep marketing channels open—in both of which transnational firms will undoubtedly play an important part—continued rapid export growth is conceivable.

Developing countries’ exports of other engineering products are extremely heterogeneous, and a significant share, perhaps one-third, goes to other developing countries. In this category, developing countries supply a very small share of the market in industrialized countries: about 3 percent of imports and less than 1 percent of consumption. Except in shipbuilding, penetration rates in specific products are low and the potential market in industrialized countries is still large. The essential problems in expanding these exports are technological and organizational. The great diversity and complexity of technology in this area; the close links between the scale of manufacture, quality of product, and ability to market; the importance of modern management techniques, engineering design capabilities and, in some cases, the need to extend credit to importers are among the factors that make the expansion of machinery exports a slow and difficult task. Without a large industrial base, it is difficult to export machinery. Hence relatively few developing countries will have the opportunity to diversify into these areas in any sizable volume during the next decade.

On balance, the projected growth of manufactured exports seems feasible, but it will require great efforts by the developing countries to diversify commodities and markets. If they face an increase in protection, it will be extremely difficult for them to diversify enough to achieve this growth. Even small reductions in the quantitative restrictions on textiles and clothing, or small improvements in the way they are administered, can make a big difference to the export prospects of newly emerging exporters of manufactures. The more restrictive the international trade environment, the fewer the countries that will have the flexibility necessary to exploit the remaining opportunities for growth in exports of manufactures.

External Capital Flows

Despite the rather optimistic assumptions made about external trade, and despite the somewhat lower rates of economic growth projected for the Middle Income countries, the developing countries' requirements for external finance are projected to increase significantly. The estimated financing requirements are US\$276 billion at current prices (US\$141 billion at 1975 prices) in 1985, compared with US\$63 billion in 1975, as shown in Table 28.

More than half of the increased financing requirements from 1975 to 1985 represents the payment of interest and the amortization (i.e., repayment of principal) of external debt, the latter reflecting the growing share of medium-term private debt at maturities that are less than half as long as those of official loans. Another 15 percent of the increase is needed for the accumulation of international reserves in line with the growth of imports.

The bulk of the financing requirements will continue to be met by inflows of loans with maturities exceeding one year. Net disbursements of medium- and long-term loans and official grants are projected to grow at 4.6 percent a year in real terms, to US\$118 billion at current prices (US\$61 billion in 1975 prices) in 1985.

28. Developing Countries: External Financing Requirements, 1970-85 (Billion current US dollars)

	1970	1975	1985
Net Imports	8	44	103
(Imports of Goods and Non-factor Services)	(62)	(280)	(900)
Less: (Exports of Goods and Non-factor Services)	(55)	(236)	(797)
Interest on Medium- and Long-term Loans	3	8	37
Amortization	6	16	108
Increase in Reserves	-1	-5	28
Total to be Financed	17	63	276
Net Factor Income, excluding Interest on Medium- and Long-term Loans	-4	2	12
Transfers (net)	3	10	26
Direct Investment and Other (net)	3	2	30
Medium- and Long-term Loans (gross)	15	49	208
Sources of Finance	17	63	276

Note: Totals may not add due to rounding. The assumed annual rate of inflation between 1975 and 1985 is about 7 percent.

source for about three-quarters of their net medium- and long-term external capital, and

29. Net Disbursements of Medium- and Long-term Capital to Developing Countries, 1970-85

	Billion Current US Dollars			Average Annual Real Growth Rate (percent)	
	1970	1975	1985	1970-75	1975-85
Official Grants	2.1	6.0	18.5	11.5	4.7
Concessional Loans	2.4	7.6	21.7	13.9	3.9
Bilateral ODA	2.2	6.3	17.4	11.7	3.5
Multilateral	0.2	1.3	4.3	32.0	5.4
Loans at Market Terms	6.0	25.1	78.2	20.0	4.8
Multilateral	0.5	2.3	9.4	23.5	7.6
Official Export Credits	0.8	1.0	1.2	-5.1	-5.0
Private	4.7	21.7	67.6	23.0	4.8
Total	10.5	38.8	118.4	17.4	4.6
Note: At 1975 prices	17.4	38.8	60.7		

Note: Totals may not add due to rounding. The data on official grants and concessional loans in this table are not comparable with those in Table 22. Table 22 shows disbursements by donor countries for all purposes; Table 29 shows receipts of medium- and long-term capital by developing countries. The principal differences are that Table 22 covers technical assistance and contributions to multilateral institutions, including paid-in capital. The latter is the basis for multilateral lending at market terms. The data on official grants and concessional loans in Table 29 do not include technical assistance; they are net of the outflow of official grants from developing countries; and they include the disbursements of concessional loans from multilateral institutions.

As shown in Table 29, the projected growth in each category of capital is much slower than what was achieved in 1970-75.

The projected slowdown in the growth of private lending is of enormous importance for the Middle Income countries, which rely on this

which absorb almost all the private lending to developing countries. As emphasized in Chapter 3, for these countries to manage their debt satisfactorily, the average maturities of their external borrowing must be lengthened. Extending the maturities of loans from banks,

improving access to the bond market, and raising the share of official loans, which are lent at market interest rates but with much longer maturities, can make an important contribution in this regard. The Low Income countries rely heavily on official grants and concessional loans, and the projections assume a moderate increase in their share of these categories of

countries would be only 18 percent of exports, rather than 22 percent, in 1985.

Alternative Scenarios

The scenario described above is based on a set of assumptions that can be varied in innumerable ways. Some of the assumptions pertain to the internal policies of the developing

30. Net Disbursements of Medium- and Long-term Capital to Developing Countries, by Type of Capital and Country Income Group, 1970-85 (Percentages)

	Low Income Countries			Middle Income Countries			All Developing Countries		
	1970	1975	1985	1970	1975	1985	1970	1975	1985
A. Distribution of Capital by Category									
Official Grants	38	28	39	13	12	11	20	16	16
Concessional Loans	42	39	52	17	14	11	23	19	18
Loans at Market Terms	15	29	8	71	74	78	57	64	66
Official	11	1	7	12	11	9	12	9	9
Private	4	28	1	59	63	68	45	56	57
Total	100	100	100	100	100	100	100	100	100
B. Distribution of Capital by Income Group^a									
Official Grants	50	38	42	50	63	58	100	100	100
Concessional Loans	46	43	48	54	56	52	100	100	100
Loans at Market Terms	7	10	2	92	91	98	100	100	100
Official	23	3	13	69	100	87	100	100	100
Private	2	11	—	98	89	100	100	100	100
Total	25	21	17	74	79	83	100	100	100

Note: Totals may not add due to rounding.

— Negligible.

^aThe distribution of concessional capital by income group is highly sensitive to the criterion used in classifying countries into Low and Middle Income groups.

capital (see Table 30). To achieve the projected net disbursements, the gross flows of concessional loans to Low Income countries would need to grow by 5.2 percent a year in real terms during 1975-85 (or by 12.4 percent a year in nominal terms, to reach US\$12.3 billion in 1985).

On the assumptions about the size of the financing requirements of developing countries and the terms on which they are met, reflected in Tables 28-30, debt service obligations will rise in relation to both exports and GNP, especially for the Middle Income countries (see Table 31). The projected ratios are not unacceptably high, however, and should pose no general problem of debt management provided exports can grow at the projected rates. A modest lengthening of the maturities of private flows would result in considerably lower debt service ratios than projected. For example, if the average initial maturity of new disbursements of private loans were to rise from five to seven years, the debt service of the Middle Income

countries, and are discussed in subsequent chapters on the supposition that the external conditions are as outlined above. However, to emphasize the sensitivity of the projections for the developing countries to the assumptions made about external conditions, the implications

31. Developing Countries: Debt Service Ratios, 1970-85

	As Percentage of Exports of Goods and Non-factor Services			As Percentage of Gross National Product		
	1970	1975	1985	1970	1975	1985
Low Income Asia	16.8	12.6	12.6	1.0	1.3	1.4
Low Income Africa	4.8	6.7	9.6	1.2	1.5	2.5
Middle Income	15.6	11.8	22.0	2.4	2.7	4.8
All Developing Countries	15.2	11.8	21.0	2.1	2.4	4.3

Note: Debt service on public and publicly guaranteed medium- and long-term loans only.

of change in one major factor—growth in the industrialized countries—have been assessed.

32. Alternative Assumptions on Average Annual Growth Rates, 1975-85
(Percentages)

	Base Scenario	Low Growth Scenario	High Growth Scenario
GDP of Industrialized Countries	4.2	3.7	4.7
World Trade	6.4	5.7	7.4
Developing Countries' Exports	6.3	5.4	7.4

As shown above, in one alternative the industrialized countries are projected to grow at an annual rate of 3.7 percent instead of the 4.2 percent previously assumed. Despite the intentions and best efforts of their governments, such a result is not implausible, though it obviously is highly undesirable. Still lower growth rates are not considered here, not only because they are thought to be unlikely but also because they would be associated with structural changes in trade and other relations between countries that could not be captured in the present analytical framework. In the second alternative, higher average growth rates are postulated: 4.7 percent annually instead of 4.2 percent. However, these rates seem improbable in view of the performance in 1976-77 and the estimated results for 1978.

In the lower growth case, the growth of world trade is reduced in the same proportion as the decline in growth of industrialized countries, and there is a slightly larger drop in the growth rate of developing countries' exports. Regarding capital flows, it is assumed that the same percentage of industrialized countries' GNP will be allocated to concessional assistance as in the original scenario, but because of their lower levels of GNP the projected growth rate of bilateral ODA during 1975-85 is reduced from 3.5 percent a year to 2.8 percent a year in real terms. No alternative assumptions have been made for other capital flows. The principal impact of these changes would be a reduction in the economic growth of the developing countries, with the Middle Income countries bearing the brunt of the decline.

The higher growth case is virtually the mirror image. World trade growth is assumed to increase proportionately to the increase in growth in industrialized countries, while the exports

of developing countries are assumed to grow slightly more rapidly. Most of the increase would be in manufactures. Because of the faster growth of income in industrialized countries, the availability of ODA would grow more rapidly. The developing countries' requirements for capital would rise, largely to maintain reserves in line with the increases in imports. The principal impact of these changes would be to raise the rates of growth of the developing countries, with the Middle Income countries as the prime beneficiaries.

33. Implications of Alternative Global Assumptions for Developing Countries

	Average Annual Percentage Growth Rates, 1975-85		
	Base Scenario	Low Growth Scenario	High Growth Scenario
GDP			
Developing Countries	<u>5.7</u>	<u>5.2</u>	<u>6.1</u>
Low Income Countries	5.0	4.8	5.1
Middle Income Countries	5.9	5.3	6.3
Gross Investment	<u>5.3</u>	<u>4.4</u>	<u>5.7</u>
Low Income Countries	6.5	5.8	6.7
Middle Income Countries	5.1	4.2	5.6
Imports	<u>5.6</u>	<u>4.8</u>	<u>6.5</u>
Low Income Countries	5.7	4.8	6.3
Middle Income Countries	5.6	4.9	6.5

The impact on the Middle Income countries is much greater than on the Low Income countries because the former are more sensitive to changes in the growth of external trade. In the low growth alternative, their reduced import capacity slows the growth of their incomes. It also causes a more than proportionate decline in savings and investment. Since many Middle Income countries now produce most of their consumer goods domestically, their imports largely consist of capital goods and raw materials. As reductions in the latter lead to an immediate reduction in production and employment, it is generally capital goods imports, mostly from industrialized countries, that are curtailed in response to balance of payments pressures, with adverse consequences for future growth.

There is small scope for offsetting slower

growth of export earnings by additional borrowing, because of the difference in magnitudes. For example, a 10 percent increase in net inflows of medium- and long-term capital in 1985 would raise the Middle Income countries' capacity to purchase imports by only 1 percent, whereas a 10 percent increase in exports would increase their import capacity by almost 9 percent.

The Impact on Poverty

Even if the developing countries' incomes grow as in the base scenario, absolute poverty will continue to be a problem of immense dimensions. A sense of these dimensions is given by the results of a simulation model that projects the proportion of population in absolute poverty under alternative assumptions. Such projections unavoidably have large margins of error, since so little is known about the interaction of economic and social structures with development policies, which produces particular patterns of economic growth with different effects on the poor. Nonetheless, the projections give a sufficient indication of aggregate trends to be of interest.

The model combines the GNP growth rates projected for different groups of countries with

erately rapid growth, the distribution of income has initially worsened, as demonstrated by analyses of the experience of Brazil, Kenya, Mexico, the Philippines, and Turkey.

Assuming that the rates of growth projected for the period 1975-85 hold to the end of this century, and assuming the relation between income distribution and aggregate growth just described, the proportion of population living in absolute poverty in the year 2000 is projected as shown in Table 34.

On the assumptions above, which constitute the "base scenario" in Table 34, the proportion of the absolute poor in the total population is projected to decline by one-half in the Low Income countries and by three-quarters in the Middle Income countries. Despite this, the number of people in poverty declines only slightly because of the growth of population. This is a disturbing result, especially since the projected income growth rates for the Low Income countries are, if anything, somewhat optimistic.

The "alternative scenario" shown in Table 34 shows the reduction in poverty that is implied by much more favorable assumptions about the pattern of growth. In the base scenario, the poorest 60 percent of the population received 18 to

34. Projected Decline in Absolute Poverty, 1975-2000

	1975		Simulated Result in 2000			
	Percentage of Population	Number of Absolute Poor (millions)	Base Scenario		Alternative Scenario	
			Percentage of Population	Number of Absolute Poor (millions)	Percentage of Population	Number of Absolute Poor (millions)
Low Income Countries	52	630	27	540	13	260
Middle Income Countries	16	140	4	60	—	—
All Developing Countries	37	770	17	600	7	260

— Negligible.

the assumption that the inequality of incomes is likely to increase in the early stages of development, and then to decrease in the later stages of development, implying that the incomes of the poorer sections of the population will grow more slowly than average income per person over the projection period. This assumption can be supported by tests based on cross-country comparisons relating measures of income equality to the average income levels in each country. Though there are too few studies of changes in the distribution of income within individual countries over a period of time to establish its validity, it is consistent with the results of the studies that do exist. In most developing economies that have sustained mod-

25 percent of the increments to income; in the alternative scenario, their share is assumed to be as much as 45 percent. This is the highest known to have been achieved by any developing country apart from the centrally planned economies. Under these conditions, absolute poverty could be virtually eliminated in the Middle Income countries, but would still afflict 13 percent of the population in the Low Income countries in the year 2000. The extreme optimism of the assumptions underlying the alternative scenario should be underlined.

Given the obstacles they face, elimination of absolute poverty in the Low Income countries by the end of this century seems impossible. A more realistic target would be to reduce the

proportion of their populations living in poverty to about 15 to 20 percent by the year 2000, which would still leave nearly 400 million people in absolute poverty. To realize even this gain will require massive efforts to raise the productivity and incomes of the poor.

Policies for Reducing Poverty

While poverty could be reduced to low levels in the Middle Income countries by the end of this century, it will continue to plague the Low Income countries. Improvements in the pattern of growth are necessary in both groups of countries. But especially in the Low Income countries, where the numbers in poverty are so enormous, such improvements can only make a significant contribution if growth itself is more rapid. Policies for accelerating growth through efficient use of resources, and for ensuring that aggregate growth leads to rising income levels for the poor, are discussed in the following chapters dealing with the problems of separate groups of countries. In this section, the discussion focuses on the use of those direct measures to improve living standards that must supplement measures designed to increase the incomes of the poor.

There normally must be a close interaction between improvements in individuals' productivity and incomes and improving their living standards through direct intervention. The pattern of growth influences the structure of production and demand, affecting a country's ability to invest and to sustain rapid aggregate growth; increases in the income of the poor may be necessary for them to take full advantage of even "free" public services; faster growth can make it easier to mobilize resources to finance the expansion of public services; broadening access to public services such as health and education can increase productivity, as well as reducing fertility rates and population growth in the longer run, improving the prospects of increasing income per person. A notable example of the importance of the interaction between income growth and the use of direct measures to alleviate poverty is nutrition.

Nutrition

The most widespread form of malnutrition is protein-calorie deficiency, which in general results from inadequate intake of calories.² An important strategic issue in combating malnutri-

²Malnutrition is defined by a complex set of relations between such factors as the nutritive value of the quantity and types of foods consumed, the sex and age of the consumers, the type of work undertaken in different climatic environments, and the health status of the affected population.

tion is the extent to which increases in incomes can be relied upon to eliminate widespread deficiencies, and how far specific programs are necessary.

Programs to raise incomes must generally play an important role in relieving malnutrition, for many reasons. First, poor people who are undernourished will typically spend a large part of any increases in their income on food, and hence income increases may well be the most efficient way of improving the nutrition levels of a large mass of the population. Second, the nutritional status of subsistence farmers, who are a substantial part of the population in the Low Income countries, depends critically on their own productivity. Third, increases in income will help improve health and education, which can contribute significantly to the effective nutrition gained from given levels of expenditures.

But although over the very long run income growth may eliminate malnutrition in most places, countries where large numbers of people are undernourished cannot wait that long. Measures to improve the nutrition of the poor without necessarily increasing their incomes can be broadly divided into two groups: those that increase food consumption without increasing household food expenditures; and those that improve the nutritional value of given food levels.

The most prominent example of the first group is the use of government procurement, fiscal subsidies, and price controls to reduce the retail price of foodgrains and permit greater consumption for given levels of food expenditure. Such measures have been widely used, but the experience has not been evaluated sufficiently to permit a definitive judgment on their benefits. They are apt to be very expensive, but in several countries, notably Egypt and Sri Lanka, they have contributed to dramatic improvements in nutrition and life expectancy. The problems with these types of measures are many and serious: the distribution schemes are generally restricted to urban areas and do not benefit the majority of the really poor, many of whom live in rural areas; the schemes often rely on low procurement prices and increased imports, which may discourage the growth of domestic agriculture and deplete foreign exchange reserves; if they do not rely on low procurement prices, they often require very high government subsidies—in some cases up to 3 percent of GNP; and some of the subsidies are apt to go to undeserving households because of the administrative difficulties of distinguish-

ing between rich and poor households even within urban areas. It is at times possible to reduce some of these problems by restricting subsidies to foods that are generally consumed by the poor, for example coarse grains and broken, unpolished rice. But, in general, fiscal and administrative considerations limit the extent to which large-scale food subsidy programs can be effectively used to reach the poor.

Programs to feed specific groups that are vulnerable—pre-school children, pregnant women, and lactating mothers—have promise but have not yet been extensively used in developing countries, and their effectiveness is not established. The main problems are administrative. Though school children are relatively easy to reach, attempts to reach pre-school children and women directly have not generally been successful, although these groups may benefit indirectly from school feeding programs if food at home is diverted toward them as a result.

A wide range of measures can improve the nutrition derived from a given expenditure on food. A simple one is the fortification of commonly consumed foods with special nutrients: the iodization of salt dramatically reduced the incidence of goiter in some areas of India; and enrichment of rice with thiamine eliminated beri-beri in a province in the Philippines. Products fortified with vitamin A include milk in Brazil and India, sugar in Guatemala, and tea, margarine, and cooking oils in other countries. India has recently developed a technology to fortify salt with iron. With all its effectiveness, however, fortification has the obvious disadvantage that it can only be applied to foods that are centrally processed; moreover, it cannot reduce calorie deficits.

Also of importance for nutrition are health and education. Gastro-intestinal diseases seriously impede the absorption of food by large numbers of the poor. Control of these diseases through improvements in water supply and personal hygiene, which requires better education, can do much toward reducing malnutrition in the poorer countries. Although there is some evidence that the diets of the poor are often remarkably well balanced, given their low expenditures on food, increasing people's awareness of the nutrient needs of various family members (for example, the importance of breast feeding, and of introducing supplementary foods at the appropriate age) can help improve their diets. It is difficult to overcome strongly held personal prejudices through education, but given its importance and some, albeit few, successes, the effort should be made.

Public Services

While malnutrition can be largely overcome if the incomes of individuals are raised, inadequate access to essential public services cannot. Safe drinking water, sanitation, health, and education are supplied by public agencies, and the complete absence or poor quality of these services afflicts the poor even in Middle Income countries. A vital component of any strategy for poverty alleviation is thus a concerted attempt to bring these services to the poor at a price they can afford.

One aspect of the problem is to seek design standards and technology that will permit a wide extension of such services at low unit costs (for example, installing public standpipes widely, rather than house connections for piped water in only a few areas). Equally important are the problems of administration associated with implementing such systems.

For example, it is now widely accepted that more extensive use of paramedical staff, rather than doctors and nurses, can effectively broaden access to health facilities at lower public cost. However, experience suggests that the simpler the training and facilities for providing health care, the more important is the quality of the administration in supervising and supporting the entire system. Paramedical personnel can be trained to identify the types of health problems they are able to handle, to provide the appropriate care in a relatively short time, and to refer cases that are beyond their ability to more qualified diagnosis and care. Their difficulties lie more in adhering to the principles of their training in the face of the criticism and folklore of elders and other prestigious persons, while obtaining and keeping the confidence of their patients. Equally important and difficult administrative problems are the maintenance of adequate supervision, of material and moral support for the paramedical staff, and of finance, staff, equipment, and supplies to permit the full use of clinics and small hospitals, particularly in rural areas.

The roots of these problems vary from the unwillingness of doctors and other highly trained personnel (needed for supervision and for staffing local or regional hospitals) to live outside major cities, to the temptation to put too large a share of the health budget into high technology equipment and services to major teaching hospitals and urban medical care. The unmet demands for medical services in cities have enabled health workers to choose urban jobs, and efforts to compel them to serve in rural areas have generally been unsuccessful.

Attempts to upgrade locally recruited personnel and to introduce career ladders for them have too often resulted in inadequate attention to their current duties, and excessive attention to preparation for examinations and possible admission to medical school. Usually more than 50 percent of the health budget in countries with basic health care systems goes into the operation of one or more teaching hospitals, and at least another 20 percent into district or regional hospitals and bedded clinics. Basic health services usually account for only 8 to 10 percent of central government health expenditures.

The fact remains, however, that even with better technology, design and administration, any sizable improvement in the distribution of public services will require an enormous increase in expenditures. The financial costs could be reduced if local participation could be effectively mobilized—as is the case with the site-and-services approach to urban housing, various rural works, and community building of schools. Indeed, in the poorer countries, there may be no hope of meeting even modest targets for the provision of services unless there is community participation. The experience of nationwide participatory programs is far from encouraging, since they require effective local leadership and adequate central support, which have often been lacking. Even if such an effort can be mounted, a large increase in public expenditures would seem to be necessary. While there are no reliable estimates of either the investments required or the recurrent expenditures that would be needed to operate such a vastly expanded system, it seems clear that the costs would far exceed the resources currently available, especially in the Low Income countries. Obviously the resources for public services could be increased if the industrialized countries were to expand their aid flows. However, to redirect presently planned flows of aid toward programs of this type would reduce the availability of finance for other sectors whose development is also essential to improve the conditions of the poor.

Monitoring Performance

Programs for alleviating poverty are often hampered by scarcity of resources, conflicts between different interests and objectives, uncertainty about how to resolve conflicting objectives over an acceptable period of time, administrative structures that are too weak to support more extensive intervention and services, and incomplete knowledge about the actual effects of different policies on the people

they are meant to benefit. Moreover, there frequently is a lack of clearly defined objectives and realistic implementation schedules. This need not be so. It is more difficult to specify the actions needed to increase the purchasing power of the rural poor than to specify the number of villages to be supplied with potable water in each of the next ten years. But if more progress is to be made in alleviating poverty, it is essential that objectives be defined so that governments can monitor them regularly. Large amounts of resources and energy can be dissipated if operational clarity is lacking about targets, designs, and plans for the execution of poverty programs. Without such clarity, it is difficult either to assign administrative responsibility for implementation or to evaluate the effectiveness of different approaches to poverty alleviation, and impossible to learn from experience.

One step that many countries have already taken is to define the areas of deficiency and to formulate a realistic program for improvement. Such specific targets might initially involve the supply of potable water and local health facilities, and be gradually extended to improvements in other public services. A second step would be to define a precise set of objectives for programs designed to raise the incomes of low income groups.

Monitoring and evaluation are particularly important in anti-poverty programs since information on the characteristics of the absolute poor, and how their conditions are affected by particular programs and policies, is scarce. To monitor progress and evaluate the effectiveness of programs requires the establishment of a strong nationwide statistical base, drawing on detailed household surveys that will measure changes in income, expenditure, and consumption in real terms, as well as access to public services.

A monitoring system must also involve review of the implementation of specific programs to establish how far their benefits actually reach the poor. There are a host of such activities in each country that are worth monitoring. They include rural development projects, irrigation works, credit institutions, public works, provision of school meals, food subsidies, health clinics, housing projects, and labor training. Funds for their evaluation should ideally be built into the budgets of such programs at the outset and the findings should be widely shared to assist in improving the design of subsequent efforts. Understanding of the cost, efficiency, and social impact of anti-poverty programs is

still so limited that many years' experimentation and evaluation will be necessary before they can be designed with confidence.

The need for a precise definition of objectives and how they are to be met applies not only to public programs for extending the provision

of essential services but also, more broadly, to questions of relative emphasis in the design of development strategies. The latter are the subject of the next three chapters, which examine the principal choices and priorities for different groups of countries.

Chapter 5: Low Income Asia

Of the more than one billion people in the Low Income countries of Asia, about half live in absolute poverty. Four large countries—Bangladesh, India, Indonesia, and Pakistan—contain about two-thirds of the world's absolute poor. The main reason for the stagnation in the living standards of the Asian poor has been slow economic growth.

In these predominantly rural economies, the key to alleviating poverty is to accelerate the growth of agricultural incomes, because the majority of the populations and of the poor live in rural areas and earn incomes directly linked to the growth of agriculture. The growth of non-farm incomes in rural areas (from rural services

35. Dependence on Agriculture in Low Income Asian Countries

	Percentage of Population in Rural Areas, 1975	Agricultural Product as Percentage of GDP, 1976
Bangladesh	91	59
Burma	78	47
India	78	47
Indonesia	81	29
Pakistan	73	32
Viet Nam	83	..

.. Not available.

Source: *World Development Indicators*, Tables 14 and 3.

and ancillary manufacturing activities, for example) also depends on the pace of agricultural growth. These sources of income can be extremely important to the very poor in rural areas who do not own land and to small farmers who rely on wage employment as a source of supplementary income. The growth of agriculture also is an important factor in industrial growth: a large part of domestic consumer demand for industrial products depends on agricultural prosperity, and a significant proportion of manufacturing activity (an estimated 40 percent in India, for example) is based on agricultural raw materials.

Within the rural sector, at the core of the poverty problem are families who either own and cultivate very small holdings of land or own no land at all. However, the fortunes of the

36. Marginal Farmers and Landless Households in Low Income Asian Countries (Percentage of rural households)

	Bangladesh 1967-68	India 1971	Indonesia 1971	Pakistan 1972
Landless	31	10	33	34
Less than 0.5 Hectare	22	30	31	3
0.5-1 Hectare	17	16	^a	4
Total	70	56	64	41
Number of Households (millions)	7	44	13	3

Note: The data in this table come from official sources in each of the countries. They are not strictly comparable and should be construed only as orders of magnitude.

^aA marginal farm in Indonesia is defined as less than 0.5 hectare.

marginal farmers and the landless cannot be isolated from those of the rest of agriculture, and specific programs to help these disadvantaged groups cannot succeed without growth and change in agriculture as a whole. The rural poor are part of an ancient and well-established social structure, and efforts to improve their productivity without regard to this structure are likely to be frustrated. Also, much of the development needed in agriculture requires investments that are not divisible, especially irrigation programs for both surface and ground water. Therefore, agricultural development programs must be designed to raise agricultural productivity across the board while ensuring that the small farmer has equitable access to modern technology and inputs, and that the potential for employment is not lost through uneconomic use of labor-saving farm equipment.

The next section considers the potential for more rapid agricultural growth and the conditions for greater industrial dynamism. It is followed by three sections that consider issues relating to the distribution of the benefits of growth: raising the productivity and incomes of small farmers, especially tenants; policies to encourage the growth of employment, including the use of public works schemes; and the demographic pressures on scarce resources.

Accelerating Growth

The projections in Chapter 4 show a rapid increase in the rate of economic growth in Low

Income Asian countries. The increase is predicted on a large rise in domestic savings and, most importantly, on a doubling of the rate of growth of agriculture.

37. Growth in Low Income Asia, 1960-85

(Average annual percentage growth rates, at 1975 prices)

	1960-70	1970-75	1975-85
Gross Domestic Product	2.4	3.9	5.1
Agriculture	1.4	1.5	3.0

Agriculture

The burst of agricultural expansion in some parts of Asia in the 1960s based on the introduction of high-yielding seed varieties, which has been dubbed the Green Revolution, appears to have slowed down, and agricultural production has grown rather slowly during 1970-75. Most observers agree that this performance is well below the potential of the region, taking account of technological conditions and the existing infrastructure. The remarkable technological advances in genetic adaptation and cultivation practices over the last two decades have created yield potentials for both small and large farmers that have still not been fully exploited, although urgent attention must be given to further seed development covering a larger number of crops. With concerted efforts to remove obstacles that are already well recognized, it should be possible to raise agricultural growth rates to, and possibly even beyond, the projected 3 percent a year during the next decade.

The sources of potential growth in agricultural production are very different in Indonesia and South Asia. In the latter, the extension of cultivated area has now approached its limits and further increases in production will depend on increases in yields. In Indonesia, only about half of the cultivable area is so far under cultivation. The problem lies in the extreme concentration of population in a few islands while the land in the other islands is underused: Java, Bali, and Madura have two-thirds of Indonesia's population on only 7 percent of the land. Because of fertile soils and favorable climatic conditions that permit multiple cropping, Indonesia's rice yields are high, enabling these islands to support a population denser than in Bangladesh. But with rising demographic pressure, land has been fragmented into smaller and smaller holdings: the average farm size in Java, Bali, and Madura is only 0.6 hectare and rural households depend heavily on non-farm incomes for their minimum consumption needs.

Although rehabilitation of the old irrigation

systems could increase yields in the densely populated islands, especially of food crops such as maize, soybeans, and cassava, Indonesia's major source of accelerated agricultural growth will be the development of the other islands. Encouragement of migration is a part of official policy but the actual movement of people is still very small, probably not more than 30,000 families a year.

In South Asia, an immediate source of gains in productivity is the improvement of simple crop management practices, beginning with increased plant density and proper plant spacing, followed by the use of good seeds, seed treatment, proper tilling, weeding, and better preparation of seed beds and nurseries. These improvements are capable of raising yields substantially without any increase in inputs other than labor and better use of information. Recent experience in India suggests that yields could be increased through such measures by 10 to 30 percent on rainfed land and by 25 to 50 percent on irrigated land. How fast the increases can be realized will depend on how rapidly agricultural extension services can be made more effective. Efforts to improve the extension service in India by enforcing rigid visit schedules and relieving extension agents of other tasks have proved remarkably encouraging. While it is still early to make a definitive judgment, it would appear that production increases of 1.5 to 2 percent a year in agriculture for a decade or more might be possible solely on the basis of existing infrastructure and levels of inputs, if there is substantially better transmission of knowledge and more intensive use of labor.

Further increases in yields can be obtained by making fuller use of scarce land through multiple cropping. One of the most important prerequisites for this is water. At present, only 10 to 15 percent of the agricultural land is used for multiple cropping in India and Pakistan, and about 40 percent in Bangladesh, compared with nearly 90 percent in the Republic of China, where the irrigation system is well developed. In currently irrigated areas, increases in cropping intensity require improved arrangements for sharing water: farmers, including those with downstream holdings, need to be confident in advance of planting decisions that they will receive their entitlement of irrigation water. Multiple cropping generates a very high demand for labor, with significant benefits for underemployed smallholders and for the landless who depend entirely on wage incomes. But raising cropping intensity to more than two crops a year

is difficult. It depends on varieties of crops that mature quickly, and requires careful and scientific management so that activities are appropriately timed. Efficient marketing arrangements need to be complemented by distribution networks that ensure that inputs and services are available on time and to all, including small farmers.

Further productivity increases beyond those obtained by changing cropping practices require additional inputs such as better seeds, nutrients, and pesticides, as well as water. With water available at the right time, and increased use of high yielding seeds and nutrients, yields that are 20 to 120 percent higher are possible under irrigated conditions, depending upon the crop and variety sown. In most rainfed areas, the potential is far smaller, unless there is a major research breakthrough. Increased irrigation and better water management are thus central to raising yields and absorbing more labor in agriculture.

There is a very large and undeveloped potential for irrigation in this region. About a quarter of India's present farmland is irrigated and it is known to be possible to raise this to a half. The development of Pakistan's irrigation potential is much further advanced after a century of irrigation from the waters of the Indus river system, but more land could be irrigated, especially with further groundwater development. In Bangladesh, water resources are abundant but unruly: long, dry periods are followed by flooding from the enormous Ganges-Brahmaputra-Meghna river systems which spread out over the vast, flat alluvial deltas. Drainage, flood control, and minor irrigation projects are required to harness the water resources more effectively. In Indonesia there is potential for doubling the present irrigated area with the construction of new gravity systems, and development of swamps and tidal land outside Java. Extensive groundwater systems can also be exploited in the longer run. Burma has a large potential for rapid expansion of high yielding agriculture, especially in the reclamation and development of the vast paddy regions of Lower Burma, where there are still about a quarter of a million hectares of abandoned ricelands.

Even where irrigation capacity has been built, water is often used inefficiently. India has identified about fifty large irrigation projects built over the past quarter century or more in which productivity could be greatly increased with better use of available water. An example of the factors that reduce the efficiency of water use throughout the region is found in Pakistan's cen-

tury old irrigation system in the Indus Basin. Wasteful water management and poor maintenance can be blamed in large part on the hierarchy of social relationships among farmers. Large and influential farmers are usually able to get their water allocations in full and on time, regardless of the total amount of water available; their allocations are likely to be larger than are needed for economic use (although not from the users' viewpoint) because nominal water charges are unrelated to the amounts used. There is a huge waste of water; as a result the supply to a large section of the command area is inadequate and erratic, and the size of the command area itself is uneconomically limited. Farmers favorably placed in this system, who are usually also those with most influence on its care and operation, have little incentive to maintain the irrigation channels. This has led to serious deterioration of the watercourses. Contributing to the deterioration is the grossly inadequate provision of public funds for maintenance, and legislative and administrative provisions that curtail the responsibility of irrigation authorities for the condition of the distribution systems below the head regulators. Efficiency of water use in the command area of the Indus Basin area of Pakistan has been estimated at 20 to 25 percent below its potential.

In many places, irrigation systems are less efficient than they might be, because their design characteristics are antiquated, or because farm holdings are fragmented into large numbers of irregular plots. Many of the systems are old, or built to design philosophies not suitable to intensive agriculture. Modern designs for new systems and renovation of old systems can add substantially to the amounts of water available at the lower end of the command area, thus easing the redistribution of water and expanding the total irrigated area.

Fragmented holdings reduce the profitability of investing in tubewells and pumps. Innovative small-scale technologies, such as shallow tubewells, still need to serve a minimum area of three to four hectares to be economic, whereas the average farm holdings, to say nothing of farm "fragments," are frequently smaller than this. In northeastern India, where the groundwater potential is great, the average farm is less than two hectares, and this may be divided into half a dozen separate plots. Tubewell development is thus limited unless there are satisfactory arrangements for sharing water among farmers—arrangements that are difficult to reconcile with rural social hierarchies to the satisfaction of smaller cultivators and credit

institutions. In Indonesia, the average farm is only about one hectare and divided into three parcels. In all countries, population growth is likely to increase fragmentation with present inheritance patterns. Legislation on the minimum size of plots could help to mitigate these effects.

Consolidation of fragmented holdings has been an objective of agrarian policy for many decades in Low Income Asian countries. It serves other objectives besides efficient water distribution—for example, land leveling and shaping, reducing the land used in boundaries, and cutting the time required to travel among plots. It also simplifies land use planning. But little land has actually been consolidated. Even where it has, the consolidation has generally been incomplete and not in accordance with any systematic plan for land, soil, and water development.

One requirement for greater progress in consolidation is an accurate updating of land records to establish land and cultivation rights. This is a difficult task for tenanted land but is manageable with official support. The latter, however, is sometimes lacking, because of landowners' concern that the enforcement of tenants' security and other tenancy reform regulations may portend the implementation of land ceiling legislation. Nevertheless, both tenants and landlords benefit from the productive advantages of consolidation. The possibilities for enlisting their common interest in support of consolidation have been demonstrated in a few places in India, and could be much more widely pursued in South Asia. Consolidation would be facilitated if it were made a compulsory part of a package of public land and water development, which simultaneously provided employment for surplus rural labor while enhancing the value of land.

Throughout Low Income Asia, increased emphasis must be given to projects that will yield quick results in order to increase farm incomes, including completing work on large-scale irrigation projects started earlier, so that water can reach the farms. It will also involve accelerating programs for installation of tubewells and low lift pumps, rehabilitation of water tanks, and extension of existing command areas. While such investments can yield relatively quick returns, accelerating development in these areas will require large increases in investment and a great expansion in the number of trained technical and administrative personnel. The latter are unlikely to become available unless there is confidence that increased levels of investment can be financed. To maintain accelerated growth in

irrigation, it will also be necessary to include in current programs adequate resources for the preparatory work for major new facilities, without which the momentum of irrigation development will suffer. The expansion of irrigation is unlikely even to approach the scale required without large increases in international financial assistance on concessional terms, on an assured long-term basis to permit the necessary planning.

Industry

There have been periods of rapid industrialization in the past two decades, but in recent years growth of production has been uneven and generally sluggish, while the contribution of industry to employment has been modest. A common element in the industrialization strategies of Low Income Asian countries has been a high level of protection from import competition and a preoccupation with the expansion of physical capacity rather than competitive efficiency. There have also been differences in strategy: India has emphasized industrial self-sufficiency based on major government investments in industry and detailed planning of inter-industrial linkages; Pakistan up to 1970 relied mainly on the growth of private enterprise induced by large incentives tailored to the requirements of individual industries. Despite these different approaches, the main characteristics of the industrial structure today are high production costs and excess capacities. The poorest industrial performance in recent times has been in the manufacturing of consumer goods. This reflects the slow and uncertain growth of demand from agriculture and the lack of sustained and reinforcing momentum within the industrial sector.

With a more favorable policy environment, industry can clearly grow much faster than it has. Some of the countries in the region have well-developed infrastructures, including a sophisticated network of financial and commercial services, a broadly based capability in science and engineering, and extensive managerial and industrial skills. These are assets lacking in many other developing countries even at higher levels of income. Although, as noted earlier, average production costs tend to be high in relation to international prices, in most industries there are many firms, both public and private, which have achieved high standards of efficiency.

In India and Pakistan, the efficiency of some firms demonstrates that vigorous industrial growth is possible. However, they have been, and continue to be, impeded by industrial

policies that rely on extensive systems of licensing and controls. These systems enjoy a considerable measure of support from both official circles and industrial interests, where the fairly widespread aversion of private industry to competition, whether internal or external, links up with socially motivated official desires to contain the economic power of the more efficient firms. A major dilemma in planning industrial strategy is how to resolve the conflict between these social objectives and the requirements for a dynamic, efficient industrial sector that can play a significant role in creating new employment opportunities and in reducing the prices of industrial goods to agricultural consumers, thereby stimulating additional domestic demand.

Small Farmer Productivity and Incomes

Small farmers cannot participate fully in exploiting the potential for productivity gains in agriculture without institutional support that is responsive to their needs. The small farmer has many characteristic disadvantages. He is short of cash and has less access to medium-term institutional credit. This limits his ability to undertake on-farm investments or use modern inputs to the same extent as larger farmers. He is more vulnerable to risk, and hence more cautious about innovations of uncertain profitability and about decisions whose outcome will be affected by such uncertainties as the weather.

Despite these disadvantages, experience has shown that with adequate access to basic inputs, the small farmer is fully capable of raising yields as high as those of larger farmers, and frequently higher. The intensity of multiple cropping is, on average, greater for small than for large farmers, a fact of major importance when land is as scarce as it is in the agricultural areas of this region. In the areas penetrated by the high yielding varieties, small farmers' acceptance has caught up with the rest after some initial delays, suggesting that small farmers are not averse to adopting innovations once their reliability and profitability have been demonstrated convincingly. To spread the acceptance of innovations more widely, small farmers must receive strong institutional support to help meet their demands for vital inputs—water, credit, and information on improved cropping practices.

Of all the numerous constraints on the productivity of the small farmer, perhaps the most important is poor access to water. How far he can take advantage of the improved varieties of seed (which respond best to input-intensive cultivation practices), use more fertilizer, or

increase the extent of multiple cropping depends on whether he is assured of adequate and timely irrigation. Even when the general irrigation infrastructure exists, the small farmer suffers two major handicaps in using water. The first, which applies primarily to surface irrigation, but also to public tubewells, is that he is generally discriminated against because of the small size of his holding and the usually partisan allocation of water in surface irrigation systems. In referring to this problem above, it was noted that it led to considerable waste of water. The direct effect on the small farmer is, of course, more severe. Uncertain as to when he will receive his allocation of water and how much he will receive, he is reluctant to adopt cropping practices that rely on the timely application of water, and thus continues to produce well below his potential yield. Greater community participation in the decisions on water use, backed by official irrigation and extension services, has proved helpful in assuring a more equitable and efficient distribution of water. This, in turn, has permitted the same volume of water to irrigate a larger area through more efficient use and through better private maintenance of water channels.

A further handicap for small farmers is the lack of savings and medium-term credit to invest in wells and other on-farm requirements to take advantage of the irrigation potential. Such loans, because of their large size and long maturity, are not as readily available from moneylenders as seasonal crop loans. Medium-term credits for equipment and farm improvements must come mainly from official and cooperative institutional channels, which so far have seldom catered to and often been inaccessible to small farmers.

The need here is not to subsidize interest rates but to increase the availability of medium-term credits, avoiding institutional forms that are highly bureaucratic and inflexible. India has moved a long way in this direction through the large and extensive credit services provided by the Agricultural Refinance and Development Corporation, whose assistance is aimed to include small farmers. In Indonesia, the BIMAS and INMAS programs have been established to provide support in the form of credit and modern inputs. Such institutional support is, however, not yet well developed elsewhere in South Asia.

An important institutional handicap in lending to small farmers is collateral. If land is required as collateral, credit becomes much less accessible to small farmers, especially tenants,

whose rights to land are seldom properly recorded and are not always acknowledged. If credit institutions are to play their role in transforming agriculture, they will have to be receptive to continued innovation in collateral procedures. Alternatives to land as loan security need to be explored along such lines as closer contact with borrowers and supervision of credit use, with extended crop liens for medium-term loans.

The present systems for transferring technological innovations to small farmers are frequently cumbersome and ineffectual. There are two aspects to this problem. First, small farmers tend to be less familiar with known crop management practices for improving yields because they are less educated and tend to be neglected by the extension agents. Since extension agents are poorly paid, they are beholden to the larger farmers in many ways and hence more solicitous of their needs. They spend little time with small farmers, who in any case rarely regard them as reliable sources of information about cropping practices. This can be remedied. Fairly wide experimentation in India has demonstrated that the small farmers can be reached effectively with different organization and procedures for handling agricultural extension, if greater responsibility is placed on the community for monitoring the regularity and quality of service. This arrangement can and should be applied much more widely to reach small farmers in other parts of Asia.

The second aspect of the technology issue is the relevance of agricultural research to problems of particular importance to small farmers. One area of wide relevance is the development of high yielding varieties of crops, including tropical root crops, suitable for arid agricultural systems. Another is research on cropping systems and practices that are practical for the small farmer who may be short of cash but has abundant labor. This is especially important for the efficient use of water and nutrients in multiple cropping systems. Such research has to be done locally, to take account of ecological differences. Hence, widely dispersed and adequately staffed research institutions are necessary. Their establishment will require additional investment and support.

The farmer who cultivates land as a tenant has less incentive to raise his productivity than one who owns his land, for two main reasons. First, as the duration of his lease is uncertain, he is less inclined to undertake investments on the farm that do not have a very early payoff. The legitimacy of this concern was demon-

strated recently when the introduction of the Green Revolution technologies in parts of India and Pakistan led to some eviction of tenants and the resumption of land by landlords for cultivation using more mechanized techniques. The second reason is that as the landlord has increasingly tended to take a share of the output instead of a fixed amount of rent, the tenant finds it less profitable to use purchased inputs. The force of the latter reason is greatly diminished, however, when the landlord also contributes a share of the input costs, as has begun to happen in recent years.

While the problems created by tenancy are significant, they should not be exaggerated in the context of the development goals of accelerating growth and alleviating poverty. With some exceptions, tenancy prevails in only a small part of the agricultural sector, and most farmers are as likely to lease land out as to rent it. There is thus no sharp dichotomy between landlord and tenant in most areas in this region. Less than 6 percent of the agricultural land in Bangladesh, India, and Indonesia is cultivated by tenants who do not also own or rent out land; in Pakistan, where the average size of tenant holdings is considerably larger, the proportion is under 30 percent. Further, the area under tenancy has been declining in the last decade or so. Where new technologies have penetrated, not only does the scale of tenancy decline but the relations between landlord and tenant are redefined, the sharing of input costs being a prominent example of changes that take place.

The responsiveness of tenancy relations to changes in the available technology and the extreme difficulty of enforcing reform legislation dealing with tenant rights, such as ceilings on rent, suggest that official action should concentrate on measures that are likely to prove of tangible and lasting benefit to the tenant. The most promising line of action would be to combine the creation of an environment for rapid technological change and productivity growth with attempts to tie the landlord's share of output, which is generally around one-half, more closely to his share of input costs, which tends to vary widely but is generally quite low.

Marketing and distribution is another area in which the small farmers are handicapped. This is particularly true in the case of products which must be processed relatively quickly to avoid spoilage. Generally, the small farmer does not have the physical or financial capacity to hold his produce off the market at the time of peak supply. The trader or processor who can purchase

at those times stands to benefit substantially. In addition, procurement is often a monopoly in a specific area, further reducing the ability of the small farmer to obtain a remunerative price.

There are numerous examples of how small farmers can combine forces but few experiments have been successfully sustained. One such, a dairy cooperative at Anand in India, has been in operation for thirty years, has expanded its system to several States, and is about to become a national program. By owning its purchasing, processing, and marketing facilities, the cooperative assures the members a reasonable price throughout the year since it has the capacity to convert milk to powder and other storable products in times of peak supply. By combining cooperative participation with hired professional management for all aspects of the operation, it increases the income of small farmers and landless laborers while remaining a profitable enterprise. These underlying principles are more broadly applicable to other products and other countries.

Employment

Gains in the productivity of small farmers, even if equitably distributed, will not suffice in dealing with the problems of absolute poverty in rural Low Income Asia. A significant proportion of rural households do not have any land and thus cannot participate directly in these productivity gains. Further, productivity increases alone will not be enough to raise the incomes of those with very small farms above poverty levels. These households have to rely on non-farm sources of income.

Measures to increase rural employment will form a very important part of a strategy for alleviating poverty in South Asia. All of the income of the landless households and a large part of the income of very small farmers is derived from sources other than cultivation on their own farms. The smaller the farm, the greater the proportion of total household income derived from outside sources. These include working on larger farms, raising poultry, small livestock and dairying, fisheries, forestry, rural handicrafts and manufactures, services and processing activities, and remittances received from family members in urban employment.

Since most of these activities are either agricultural or closely related to agriculture, fast agricultural growth is obviously the first requirement for raising non-farm incomes more rapidly. Faster growth in output even on larger farms, provided they are not excessively mechanized,

can play an important role in this regard. But the available evidence suggests that unless agricultural growth exceeds 3 to 4 percent a year, and unless this rate is sustained for about a decade, the additional wage employment generated would remain too small to contribute much to the solution of rural unemployment problems in the subcontinent. This reinforces the need to step up investment in agriculture, particularly in irrigation, as part of a strategy to instill more dynamism in the sector.

Growth of medium- and large-scale industry cannot be relied upon to make more than a small difference to the employment situation in the next decade or so, as in most countries in the region it accounts for less than 10 percent of total employment. Some gains could be realized from a more labor-intensive pattern of industrial growth. To achieve this will generally mean encouraging small enterprises which, as a group, employ the majority of industrial workers and use more labor per unit of output than larger enterprises. Policies for the promotion of small enterprises will have to be carefully designed, however, to avoid subsidizing enterprises that are engaged in production that is very capital-intensive, or in the manufacture of goods that can only be efficiently produced on a large scale. It is best to rely on measures that will give small enterprises full access to scarce inputs on the same terms as large enterprises so that they can compete on equal terms, and to provide technical and institutional support in the areas of credit, training, and technological information. Small enterprises flourish best where there is rapid growth in demand, and in a complementary relation to agricultural growth and growth of larger scale enterprises, by supplying labor-intensive ancillaries. Insufficient recognition of these complementarities, and the overzealous promotion of small enterprises as principal instruments for employment creation or regional development, may frustrate the purpose by fostering productive inefficiency.

Even if economic growth were accelerated to about 5 percent a year and the policies pertaining to small farmer productivity suggested in this chapter were fully implemented, unemployment would remain a very severe problem in Low Income Asia. The real problem is not long-term joblessness, as conventionally understood, but absence of earning opportunities in the off-peak seasons of the year. In most of Low Income Asia, nearly all the rural workers find some employment during seasonal agricultural peaks, but spend the rest of the year intermittently idle, or working on their own farms or in

casual jobs. In these jobs, productivity and earnings per worker are low, because they are spread thinly among a seasonally surplus labor supply. Both expansion of multiple cropping, to moderate the seasonal fluctuations in demand for labor, and rural industrial growth would help to reduce unemployment as, of course, would more rapid and labor-intensive urban development. But a major part of the rural labor force would still be left without enough work throughout the year for a tolerable existence. Alternative rural employment during off-peak seasons is, therefore, a necessary component of a development strategy which places poverty alleviation high among its objectives.

It is in this context that the potential of large-scale public works programs, which can provide employment in rural areas while at the same time constructing assets to enhance economic growth, must be developed. Employment-creating public works programs have frequently been used in Low Income Asia, but for the most part the experience has not been encouraging. Though they succeeded in significantly raising the incomes of those employed, and in constructing economic infrastructure (mostly rural roads), they suffered from a number of flaws. The basic problem was that they were planned and implemented in isolation, usually as disaster relief, rather than as part of a broader and sustained strategy to create new rural assets and attack the fundamentals of the unemployment problem. Thus they were too small to make a real difference and were vulnerable to the pressures of local elites (landowners and rural contractors) who altered the programs to serve their own interests.

Despite these failures, interest in public works programs has been rekindled by an innovative, and apparently successful, program in Maharashtra State in India, which has a population of 58 million, of whom 38 million are rural.

From a small start in the early 1970s, the scheme has grown to generate 152 million mandays of employment in 1977, equivalent to about a fifth of the estimated rural unemployment and underemployment in the State. Present plans call for raising this proportion to over one-third in the next five years.

The essence of the scheme is a strong political commitment by the State Government to a statutory guarantee of local employment at a minimum wage to all rural residents. The emphasis is on works which directly enhance productivity, mainly irrigation and land development, and on financing by additional urban taxation, so as to minimize the inflationary consequences while transferring resources from urban to rural areas. The scheme has some problems, mainly the immobility of labor, and the difficulty of designing and implementing productive projects to coincide with the times and places where employment is required. Financing the program absorbed 7 to 10 percent of Maharashtra's total development plan expenditure in the last three years. Though the details of the scheme's operation have not yet been fully evaluated, its scale and several features of its administrative structure set it apart from previous public works programs, and offer hope that effective programs to deal with massive rural unemployment can be designed.

Demography

Population pressures will continue to be a severe impediment to economic development in the Low Income countries of Asia. By the year 2000, the population of the six largest countries will have risen to 1.6 billion from the current level of slightly less than 1 billion. The demographic outlook is not uniformly bleak, however. Fertility rates have begun to decline in some countries—among them Burma, India, Indonesia, and Sri Lanka—for a variety of rea-

38. Demographic Indicators in Low Income Asian Countries

	Crude Birth Rate	Crude Death Rate	Population Growth Rate	Total Fertility Rate	Population (millions)	
	1975	1975	1960-75	1975	1976	2000 ^a
Bangladesh	46	18	2.5	6.6	80	146
Burma	34	11	2.2	5.5	31	50
India	36	15	2.2	5.7	620	958
Indonesia	40	17	2.2	5.5	135	198
Pakistan	47	16	2.9	7.2	71	135
Viet Nam	41	16	2.7	6.2	48	86

^aThe assumptions underlying these projections are described in the Notes to Table 16 in *World Development Indicators*. Source: *World Development Indicators*, Tables 13, 15, and 16.

sons, including improved nutrition, health care and female education, falling infant mortality, and organized family planning efforts. But fertility continues to be high in Bangladesh and Pakistan. Both have total fertility rates of around 7 and crude birth rates in the mid- and upper-40s. Neither country has advanced very far in providing the social services usually associated with demographic change, nor have their family planning programs been very effective.

The prospect of large additions to the population, to be supported by scarce resources, underlines the urgency of strengthening family planning programs, of establishing the institutional framework for sustained improvements in agricultural productivity, especially among small farmers, and of implementing special programs for employment and the distribution of essential public services directed at the poorest sections of society.

Chapter 6: Sub-Saharan Africa

The approximately forty developing countries of this region form a much more diverse group than the poor countries of Asia in their economic structure, income levels, policies, and performance. Some, like Gabon, Guinea, Liberia, Mauritania, Nigeria, Zaïre, and Zambia, have large reserves of minerals to support their economies; some, like Ivory Coast and Kenya, have successfully developed agricultural exports; others, such as Chad, Mali, and Upper Volta in the Sahel region, are doubly disadvantaged by poor resources and a landlocked location which makes transport costs high. These physical differences are further accentuated by varied colonial and cultural heritages and post-colonial philosophies of economic development.

Within this diversity, however, there are important common elements, many of which distinguish the developing countries of Sub-Saharan Africa from those in other continents.

countries, the African Middle Income countries clearly are poorer than most other countries in that group, and at much earlier stages of development.

Also common to the Sub-Saharan countries is their predominantly rural character and their low level of industrial development. Most of the work force (60 to 90 percent) and around half of output usually is in agriculture. These are mainly small, open economies with most of their rural populations engaged in cultivating primary agricultural exports (cocoa, coffee, cotton, oilseeds, palm oil, sisal, and tea). Exports still mainly consist of primary commodities for which demand grows slowly, and amount to over a fifth of GDP in the poorest countries, which have about half the Sub-Saharan population. A major problem for most countries is their vulnerability to changes in the terms of trade.

39. Sub-Saharan Africa: Selected Development Indicators (Median values)

	Low Income Developing Countries		Middle Income Developing Countries	
	Africa	Other	Africa	Other
Income per Person, 1976 (US dollars)	145	155	390	990
Share of Agriculture in GDP, 1976 (percent)	41	47	28	18
Share of Population in Urban Areas, 1975 (percent)	11	18	24	47
Share of Manufactures in Exports, 1975 (percent)	5	14	5	24
Life Expectancy at Birth, 1975	41	45	44	61
Total Fertility Rate, 1975	6.3	6.2	6.5	5.8
Percentage of Primary School Age Children Attending School, 1975	53	51	79	103
Adult Literacy Rate, 1974	23	22	15	72

Source: *World Development Indicators*.

Almost all of the countries in this region are poor; many have levels of income per person above those of South Asia, but with severe poverty among large parts of the population. In few countries in the region are the numbers in absolute poverty less than a third of the population, and in most of East Africa they run well over half. The figures on income per person in most of the Middle Income countries of Sub-Saharan Africa are deceptive, for with a few exceptions these are actually poor countries with a mineral enclave that employs only a small fraction of the work force. The indicators in the Table above show that while the poorer African countries share characteristics typical of all Low Income

The economic growth rates in the region during 1960-75 averaged about 4 percent a year, or less than 2 percent per person with the increase in population. Agriculture did poorly in this period with annual rates of increase averaging only about 1.5 percent. The growth of agriculture was somewhat better in the 1960s but the entire region, especially the Sahel countries of Chad, Mali, Mauritania, Niger, Senegal, and Upper Volta, was afflicted by severe drought which reduced agricultural growth during the early 1970s. Economic growth rates varied considerably among countries. Apart from the mineral exporters, the fast growing economies were those where agriculture expanded rapidly.

The handicaps in development have been reinforced by failures of economic policy, some of which have their roots in the colonial era. In most countries, agricultural development is hindered, as it has been for many decades, by the inadequacy of research and extension services (except those for tree crops), and insufficient incentives for agricultural investment. The difficulty of making drastic changes in the colonial salary structures in the transitional period has led to severe rigidities and distortions in urban labor markets and excessive growth in bureaucratic employment rather than industrial skills. Many countries have adopted a protective and interventionist policy framework for industry that dampens entrepreneurial initiative, or at least diverts it away from industries and technologies that would help to expand industrial employment quickly.

The great heterogeneity within Sub-Saharan Africa makes it difficult to discuss policy options in general terms. While the analysis of common problems can be helpful, each general issue has its local variation, and policies must be adapted specifically to the needs of countries that are tremendously diverse in environment, resources, and economic performance. Throughout the region, however, development prospects will depend crucially on agriculture. The labor force is still predominantly rural, and even if industry and services grow more rapidly than in the past, they will not be able to provide productive employment for more than a small proportion of the population in the near future. Poverty too is mainly a rural phenomenon. The success of efforts to raise incomes, to improve nutrition, to provide other basic services, and to achieve the widespread economic and social modernization required for self-sustained growth and the eradication of poverty will be problematic at best without a broadly based agricultural development strategy.

The next two sections examine the structural and policy environment for the development of agriculture and industry. They are followed by a discussion of issues in international trade, and demographic trends. The last two sections outline development priorities and some important ways in which external assistance is needed to help overcome the formidable constraints on development.

Development of Agriculture

There are many reasons for the generally backward technology of cultivation in the region: the high incidence of diseases (especially trypanosomiasis) that kill draft animals; the

poor soils and scanty and uncertain rainfall that have discouraged land-intensive, settled agriculture in many parts of the region; the abundance of land, that permitted shifting cultivation relying on bush fallowing and slash-and-burn techniques to restore soil quality; the importance of root crops and coarse grains in which, unlike wheat, rice, and maize, genetic research has not yet proceeded very far; and the high cost of irrigation because of the scarcity of ground water. The distinctive and varied agroclimatic and socioeconomic environments in Africa make it difficult to introduce agricultural technologies from elsewhere. This applies particularly to the biological and chemical innovations that are needed to increase crop yields, by introducing intensive systems of continuous cultivation and replacing the bush fallow systems with other and more productive ways to maintain soil fertility. Innovations developed in one area may not be transferable on any broad scale, since there are drastic differences in rainfall, soils, and other ecological factors, not to mention cultural diversities, which have produced wide variations in the dominant and secondary food crops of different areas. Hence, research to generate and test innovations in materials and practices must often be tailored to specific locations.

There are also difficulties in identifying and introducing simple, inexpensive mechanical innovations adapted to the needs of African smallholders. For instance, the relative ease with which tractor-based technologies can be transferred, and the weakness in the agricultural extension services in transmitting information on appropriate cultural practices, have encouraged an inappropriate emphasis on capital-intensive equipment. There has been a neglect of mechanical innovations capable of raising the productivity of small farmers who operate the majority of farms.

Adaptive research in agriculture has not received the allocation of money and manpower that is commensurate with the dominant position of agriculture in these economies, or with the potential that exists for obtaining high returns from investments in research. Expenditures on agricultural research are low and the institutional base is weak. Strengthening national and regional research capabilities to evolve an appropriate sequence of feasible and profitable innovations in agriculture is especially crucial to the long-term development prospects of the region.

A large part of Africa's land resources is in semi-permanent or permanent pastures, and

animal products account for an important part of the diet and economic livelihood of smallholders in Africa. Livestock activities are complementary to crop production. They allow idle land to be used productively and provide the draft power for crop production, allowing land resources to be used more fully. The development of livestock (dairy and beef cattle, goats, sheep, and pigs) can play an important role in alleviating malnutrition and rural poverty and, in some cases, can be a source of foreign exchange. The main drawbacks are disease, poor quality of stock, and traditional management systems that have kept animal yields low.

In addition to environmental and technological constraints on agricultural growth, government policy has frequently had an adverse effect. In most countries, colonial policies for agricultural research, transport, and producer and consumer pricing were designed to favor the extraction of primary products for export, correspondingly neglecting the development of food crops. Official marketing boards, which were originally established to protect farmers' interests, were gradually transformed into instruments of agricultural taxation. Much of this policy inclination has continued. In addition, policies concerning exchange rates, taxes, subsidies, and tariffs, along with controls affecting foreign and domestic trade, provided incentives to industrial or commercial, rather than agricultural, activities.

Of course, there are exceptions. Some governments have supported agricultural development and created an environment in which smallholder cultivators have flourished. This is shown by the rapid growth and diversification of agriculture in Ivory Coast (both for export and domestic consumption) and the successful spread of tea and hybrid maize cultivation among smallholders in parts of Kenya. In certain other countries, government efforts to promote development have emphasized large capital-intensive schemes at the expense of broadly based smallholder development. This seems to have been the case, for example, with the state farms in Ghana in the 1960s and the large irrigation schemes in Sudan which have absorbed much scarce capital and skilled manpower. The inefficiency of parastatals and state-sponsored cooperatives acting as marketing intermediaries for farmers has typically been accommodated by widening the transport and marketing margins at the expense of the farmer. Other considerations adversely affecting farm price incentives have been the perennial pressure for cheap food in urban centers, and

ambivalence about letting supply respond to changes in international prices, for fear that this might reinforce a pattern of export specialization in agricultural raw materials, a condition that has been identified with colonialism.

Industrialization

Agricultural interests have often been subordinated in the course of widespread attempts to force the pace of industrialization by providing high levels of protection. However, the results of protectionist policies so far, judging from the employment created and the domestic resource costs of import saving, have generally been unsatisfactory. There is very little manufacturing for export outside the region, except for some processing of primary commodities, despite the fact that manufactured products from many of the countries have had preferential access to markets in Europe. Typically, three-quarters or more of industrial value added is in import substitutes, principally in relatively unsophisticated goods such as processed foods and beverages, textiles, garments, wood and leather products, cement, paper, and printing. In some countries, especially where the pace of industrialization has been pressed through government participation and intervention, industrial programs have tended to include capital-intensive projects in fertilizers, metal products and processing, petroleum refining, and rubber, chemical, and electrical products—sectors in which particularly acute transition difficulties have tended to require high effective protection.

The inefficiency of this industrial activity has many causes in addition to the usual "start-up" problems in developing countries. High and sustained levels of protection have removed competitive pressures to improve efficiency. In some countries, the form and extent of government intervention has been an adverse influence. Other disadvantages are high transport costs in such landlocked countries as Mali, Niger, and Upper Volta, and in others where infrastructure is poor; and social pressures to expand employment and share business earnings with members of the extended family or tribe.

A major handicap faced by African industry is the scarcity and high cost of suitably skilled labor and management. In the colonial era, modern industry was exclusively the preserve of non-Africans in East and Central Africa; and even in West Africa, where crafts and simple manufacturing flourished from pre-colonial times, large- and medium-scale enterprises

were dominated by non-Africans. The countries where manufacturing has prospered best are also those where expatriates have continued to play a relatively larger role since independence. No doubt this is a temporary phenomenon and an increasing number of Africans now engaged in commercial activities may be expected to become industrial entrepreneurs, as has occurred in other countries that are further along in the process of industrialization.

One of the most serious obstacles to early industrialization in Africa is the high wage and salary structure. The high salaries in government and in administrative positions generally were derived from the colonial era, and have been sustained by the large role that expatriates have maintained in manufacturing in some countries. These salary levels have fueled a strong demand for secondary education to qualify for such positions. Another effect of this salary and wage structure has been to raise governments' consumption expenditure and thus reduce budgetary savings.

For unskilled workers in industry, wages are high relative to their productivity. The resulting high production costs could only be accommodated by increased protection. This, in turn, has diluted competitive pressures for industrial efficiency. The trend toward high and protected prices of manufactures has also tended to shift the domestic terms of trade against agriculture.

While high wages are available to only a small proportion of the work force, they are more regular and sufficiently above the real earnings of smallholder peasants to draw large numbers to urban centers, where they are prepared to wait long periods for a chance at the relatively few well-paid regular jobs. This, in combination with the natural increase in the urban population, has increased urban unemployment and poverty — both relatively new phenomena in Sub-Saharan Africa.

The allocation of labor has been even more distorted in countries with widespread government ownership of industrial and commercial enterprises. Parastatal enterprises are under pressure to increase their employment and, together with the government, form a large proportion of the "modern" sector. Their employment policies, especially their wage levels and entry requirements, have a dominant influence on the aspirations of job seekers and on the types of skills that are demanded of the educational system.

Trade

For the Sub-Saharan African countries, food,

beverages, and minerals constitute a much greater share of exports than for all developing countries as a group, or even for the Low Income countries in Asia. This influences the

40. Developing Countries: Product Composition of Non-fuel Exports, 1975
(Percentages)

	Food and Beverages	Non-food Agriculture	Metals and Minerals	Manufactures	Total
Sub-Saharan Africa	52	13	26	9	100
Low Income Asia	32	17	9	42	100
All Developing Countries	36	9	12	43	100

relative importance of the various international trade issues in the African context. The small share of manufactures is primarily the result of elements of economic structure and policy that have already been discussed: the high wages of unskilled workers in relation to their productivity; the scarcity of managers and skilled workers and reliance on expensive expatriate personnel, which adds significantly to production costs; the weak tradition of African entrepreneurship in manufacturing industry; the high costs of transportation due to the inadequacy of infrastructure and disadvantages of location, especially in landlocked countries; and policy biases against export promotion and in favor of import substitution.

In the short run, it will be difficult for countries in Sub-Saharan Africa to overcome the obstacles to expanding manufactured exports. Consequently, their preferential access to industrialized countries' markets, as made available under the Lomé Convention, is of particular importance. While only limited progress has been made so far, development of resource-based manufacturing exports through additional processing of primary products offers potential. African countries are vulnerable to imperfections in primary commodity markets and they depend heavily on commodities with unstable prices—a problem at which the Stabex scheme is specifically directed. In the case of six commodities whose prices fluctuated most (see Table 18), Sub-Saharan African countries supplied over a quarter of the total exports of developing countries; for three of these unstable commodities (cocoa, copper, and sisal), the region's share of exports was over one-half. For countries whose exports are highly concentrated in these commodities, the problem of price instability is even more acute. Copper, for

example, accounted for over 90 percent of Zambia's exports and 69 percent of Zaïre's in 1973-75; cocoa represented 60 percent of Ghana's exports, and around one-fifth of the exports of Cameroon, Ivory Coast, and Togo. With concentrations such as these, a country's balance of payments is severely affected by the international market for specific commodities.

Demography

The slow and uncertain patterns of agricultural and industrial development in Sub-Saharan Africa are made even more serious by the prospect of rising rates of population growth. Such growth, although already high at over 2.5 percent a year, has been checked so far by high

there is increasing reason to question the traditional opinion that land is abundant in Sub-Saharan Africa. There are, of course, many regions where considerable scope still exists for expanding the area under cultivation. However, these usually require expensive roads and other types of infrastructure; and trypanosomiasis often poses a difficult problem until population and cultivation have expanded sufficiently to reduce the tree cover which provides a habitat for the tsetse fly. There are already indications of pressure on the traditional farming systems because of growth in population and extended cultivation. Studies carried out in many localities report that fallow periods have been reduced substantially, leading to a decline in

41. Demographic Indicators in Selected Countries in Sub-Saharan Africa

	Crude Birth Rate per thousand	Crude Death Rate per thousand	Total Fertility Rate	Population (millions)	
	1975	1975	1975	1976	2000 ^a
Ethiopia	49	25	6.7	29	54
Ghana	49	21	6.7	10	20
Ivory Coast	45	20	6.2	7	14
Kenya	50	15	7.6	14	31
Mali	50	25	6.7	6	11
Nigeria	49	22	6.7	77	154
Senegal	47	22	6.3	5	9
Sudan	49	17	7.0	16	30
Tanzania	47	19	6.7	15	32
Upper Volta	49	25	6.5	6	9
Zaïre	44	20	5.9	25	47
All Sub-Saharan Africa	48 ^b	21 ^b	6.3 ^b	313 ^c	604 ^c

^aThe assumptions underlying these projections are described in the Notes to Table 16 in *World Development Indicators*.

^bMedian values for countries with populations over one million in 1976.

^cTotal for countries with populations over one million in 1976.

Source: *World Development Indicators*, Tables 15 and 16.

mortality rates associated with the high incidence of communicable diseases, especially gastric diseases, malnutrition, and poor traditional midwifery and weaning practices. As health conditions improve, population growth can be expected to accelerate as mortality declines and fertility increases. In addition, pronatal feelings have traditionally been important in Africa and there is no evidence as yet that they have diminished. Ultimately, as child mortality declines and families recognize that they cannot afford to educate large numbers of children, they are likely to decide to reduce their fertility. In the meantime, economic policy must contend with high rates of population expansion.

With the growing demographic pressures,

soil fertility, more difficulty in controlling weeds, and consequently declining crop yields. With the rapid rate of population growth, it is not surprising that an increasing number of rural areas are beginning to feel population pressures. Land scarcity and lack of employment opportunities in a number of Kenya's "high potential" agricultural areas are responsible for shifts of population to semi-arid areas where land is still available, even though food production is hazardous because rainfall is limited and erratic. Similar evidence of population pressure has been noted in other African countries, especially in East Africa but also in Ghana and Nigeria.

A dramatic symptom of the growing population pressures in the region is the emergence of large food deficits in some of the more populous

countries. Production of food in Africa has not only failed to keep pace with population growth but has also lagged behind that in other regions. While some of the decline in output is due to the unfavorable weather of recent years, it is clear that the traditional farming systems have been unable to respond adequately to the demands resulting from rapid population growth.

**42. Indexes of Food Production per Person,
1966-70 and 1971-76**
(1961-65 = 100)

	Average 1966-70	Average 1971-76
Africa	99	96
North and Central America	105	110
South America	104	104
Asia	104	107

Source: United Nations Food and Agriculture Organization.

The food prospects for Sub-Saharan Africa would be gloomy if the past semi-stagnant trends in food production were to continue. Assuming only a small improvement in food consumption per person, the International Food Policy Research Institute (IFPRI) has estimated that the food deficits of the Sub-Saharan deficit countries would rise from 2 million tons in 1975 to about 24 million tons in 1990. Nearly two-thirds of the estimated 1990 deficit would be in Nigeria. IFPRI's estimates are based on the assumption that Nigeria's agriculture will continue to stagnate, as it did between 1960 and 1975 when food production rose by only 0.5 percent annually. This performance could be improved, and the deficits reduced. In any case, the estimates dramatically demonstrate the need for a much more rapid increase in agricultural production in Sub-Saharan Africa in the future.

Strategic Development Priorities

Even more than in Asia, accelerating growth and alleviating poverty in Sub-Saharan Africa will depend primarily on the provision of additional impetus to agriculture, particularly the smallholder sector, and secondarily on the pace of employment creation in industry and direct action to improve the supply of essential public services.

The experience of several countries in the region testifies that smallholder incomes in agriculture could be raised quite rapidly if producers were given more incentives¹ and better

support in the form of physical infrastructure, extension services, credit, and market integration. With the emerging demographic pressures, however, it is becoming clear that growth in farm productivity and output cannot be sustained for very long without a large expansion in the use of technologies adapted to African conditions and increased reliance by farmers on productive and appropriate purchased inputs.

There is as yet little of the specific knowledge and guidance necessary to make the transition from a traditional land-intensive system of agriculture to one which uses scientific information to increase yields. The necessary local orientation of research and extension will require more active leadership from governments, but it will also need strong financial and technical support from abroad. The research required to increase agricultural productivity in dry farming conditions should be a major international priority. The development of a new and reliable high yielding millet can contribute as much to raising the living standards of millions of poor people as the changes in structure and policy that are also necessary. Aside from research at international research centers, more emphasis is needed on local adaptive research and on the systematic study of the characteristics of existing farming systems. Research is also required on equipment and tillage techniques for conserving moisture and soil, to replace the still predominant hoe cultivation, and on the means to improve the conditions for rearing livestock. In the longer run, irrigation will have a significant role and collection of the necessary hydrological data for this purpose should be accelerated. But, for the near future, in most parts of the region excluding the Sahel, there is still a large unused potential in rainfed cultivation which should be tapped before major commitments need to be made to expensive and technically demanding irrigation works.

The research base for a modernized agriculture must be accompanied by development of an institutional structure, at present quite weak in most of Africa, to disseminate improved methods and to deliver the necessary supplies and services. Furthermore, the benefits from the adoption of more modern practices must seem attractive enough to induce farmers to pay for these additional supplies and services.

The contention that traditional smallholders are indifferent to price incentives is not supported by a number of empirical studies in Sub-Saharan Africa on such crops as cocoa, coffee, cotton, groundnuts, maize, palm oil, rubber, sisal, and tobacco, which all show that supply

¹The various sources of bias against agriculture in the system of incentives are discussed at greater length in the next chapter.

responds positively. Failure to recognize this has been one of the serious shortcomings of past agricultural policy in Sub-Saharan countries. There have been many examples of how deficient price incentives have kept production below its potential—among Tanzania's export crops, except tobacco, in the late 1960s and early 1970s; in Ghana with inadequate planting and maintenance of cocoa; in Senegal with reduced groundnut production; and in Guinea with the extensive diversion of farm products from official channels into smuggling and black markets because of price controls. Ivory Coast is one of the few countries to have maintained attractive producer prices, and these have contributed to fairly vigorous agricultural expansion. Several African countries are now showing an increasing awareness of the supply responses that may be expected from generous agricultural incentives and are shifting their policies accordingly.

Another issue of crucial importance is the choice between a development strategy concentrating on small farmers, which would seek agricultural modernization for the mass of the farm population, and an exclusively production-oriented strategy that confined resources and rapid growth of output to large and relatively capital-intensive farm units within a dualistic agricultural structure.

Even if large-scale and highly commercialized farms were more efficient, which is not always the case, there are reasons for preferring a strategy that emphasizes the growth of small-holder agriculture. First, the large farms tend to be highly mechanized. Tractor technologies are attractive because they can be transferred from the industrialized countries with relative ease and tractors tend to be looked upon as symbols of modern agriculture. But while some mechanization of agriculture (not necessarily including the use of tractors) may well be desirable, agriculture for the next decade must be the principal source of employment and incomes for the majority of the population. Second, large commercial farms could capture a large share of the urban market, diminishing the extent to which smallholders can sell their produce for the cash necessary to purchase inputs and upgrade their farming technology. The growth of the cash incomes of small farmers is important in expanding the markets for urban industrial products and promotes a healthy interaction between agriculture and manufacturing.

The argument against letting large-scale farms preempt markets is less applicable for exports than domestic sales, and probably less appli-

cable in countries which are big importers of foodgrains. In the short run, a country might gain foreign exchange by a policy that maximizes agricultural production, even if on large farms. But the resulting dualism could well delay the broadly based improvement in agricultural productivity that is required for sustained development and better rural income distribution.

One of the requirements for efficient growth of manufacturing in the region will be to bring urban wages in the modern sector more closely into line with workers' skills and productivity. The complex set of factors responsible for the present imbalance have been noted. Corrective action will be needed on a wide front, encompassing educational structure, curriculum, and financing; government salaries; industrial wages; and industrial incentive policies. A better adjustment between productivity and wages will be necessary if exports of manufactures are to be competitive in international markets.

Some countries have attempted to disregard internationally competitive efficiency by emphasizing production for the domestic market, but their experience has not been encouraging. Obviously some domestic-oriented manufacturing can be efficient, but the range of industries that can be efficient is likely to be limited by economies of scale and by vocational, technical, and managerial skills and infrastructure. Ghana and Tanzania, for example, have attempted to force the pace of industrialization beyond these economic limits. While failing to accelerate industrial growth significantly, such policies have nurtured inefficient enterprises that make it more difficult to reorient industrial incentives toward competitive efficiency, and thus inhibit future growth. In contrast, countries whose policies did not give primary emphasis to industrialization actually attained relatively rapid industrial growth rates. The share of manufacturing in GDP rose from 7 percent in 1960 to 14 percent in 1974 in Ivory Coast, whereas it stagnated around 10 percent in Ghana.

One of the limitations on African industrial growth has been the relatively small size of the market for industrial products in individual countries. Recognition of this difficulty has spurred numerous schemes for regional economic integration. One scheme, the East African Common Market, comprising Kenya, Tanzania, and Uganda, ran into political and economic difficulties and has since been disbanded. Several schemes now exist in West and Central Africa. Two of these are confined to Francophone countries: the West African Economic Community

(CEAO) of Ivory Coast, Mali, Mauritania, Niger, Senegal, and Upper Volta, and the Central African Customs and Economic Union (UDEAC) comprising Cameroon, the Central African Empire, the People's Republic of Congo, and Gabon. The new sixteen-member Economic Community of West African States (ECOWAS) comprises the members of CEAO plus Benin, Cape Verde, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Nigeria, Sierra Leone, and Togo, making it the most ambitious effort at regional integration in West Africa.

All these schemes aim at establishing common markets with particular emphasis on industrial development. Their members are diverse in their resources and levels of economic development, with comparatively rich coastal countries alongside the landlocked and very poor countries. Each treaty provides for fair sharing in the benefits of regional development, with mechanisms to compensate for losses in revenues due to changes in trade shares as well as development funds to assist the poorer member countries in particular. It is still too early to assess the contribution these schemes could make toward exploiting economies of scale through market integration.

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International Assistance

This review of development problems in agriculture and industry in Sub-Saharan African countries has outlined the immense difficulties they face in accelerating their growth. International assistance can speed their development in a variety of ways.

Perhaps most important is financial and technical assistance to increase both the amount of agricultural research and its relevance to the needs of small farmers under various agroclimatic conditions. The international agricultural research centers, such as the International Institute of Tropical Agriculture (IITA), the International Crop Research Institute for the Semi-Arid Tropics (ICRISAT), and the International Maize and Wheat Improvement Center (CIMMYT), are an important response to both those needs. They can provide plant material, ideas, technical assistance, and training facilities to strengthen food crop research programs in individual countries; and IITA and ICRISAT are emphasizing research to guide the evolution of more productive farming systems.

More research with a bearing on livestock development, including livestock diseases, is also needed. In addition assistance is needed to strengthen national research programs, and

to bridge the gap between the work of the international centers and the location-specific research required to identify and test innovations suitable for farmers of particular localities. International support for research covering ecological zones common to many countries will be particularly valuable. There is much to be learned from experience with existing regional programs, such as those undertaken with the assistance of the French Government's organization to support research on vegetable oils (IRHO), and the West African Rice Development Association (WARDA).

The requirements for concessional capital assistance in Sub-Saharan Africa will continue to be high. Many of the countries are too poor to finance their needs at commercial terms. Concessional capital may also be increasingly necessary for the Middle Income African countries whose export growth is likely to be modest since it depends heavily on a few primary products, but which still have to undertake large investments in infrastructure—for transport and health services, for example—that are vital to their development. In the emphasis on alleviating poverty, there could be a danger that external financing agencies would neglect these needs in search of projects that “directly” benefit the rural poor. Investment in infrastructure often is an integral part of a poverty-oriented strategy, and in many African countries is a precondition to effective programs for the poor.

The importance to African countries of problems affecting primary commodities has been discussed earlier. In addition to mechanisms for stabilizing prices and earnings from exports, international action can stimulate the growth of earnings from primary commodities by assisting in the expansion of output and market shares. While more investment, improved technology, and better incentives are required to increase supply from Africa, parallel action might be needed to prevent global oversupply of some of the commodities. In several cases—bauxite, phosphates, and timber, for example—international import demand is expected to grow quite rapidly, and a fairly rapid increase in African output could probably be absorbed without disturbing the market and affecting prices. But in other cases, preeminent examples of which are tea and coffee, rapid growth of African output and exports cannot be accommodated unless other nations reduce their shares of the market. This has been happening to some extent. Brazil's share of world coffee exports has fallen from 38 percent to 26 percent between

1961 and 1976, with Africa's share rising from about 19 percent to 27 percent in the same period. The share of India and Sri Lanka in tea exports declined from 73 percent in 1961-63 to 52 percent in 1972-74, while Africa's share rose from 6 percent to 15 percent, the main exporters being Kenya, Tanzania, and Uganda. These trends can be accelerated, to the benefit of the poorer African countries, if assistance can be

provided to other major exporters, which have alternative investment opportunities, for diversification into alternative crops. Where diversification appears advantageous, additional finance and other international assistance for projects that would employ displaced workers would benefit both the present exporters and the African countries that could increase their production of these commodities.

Chapter 7: Development Priorities in the Middle Income Developing Countries

“Middle Income” is an omnibus term for countries with diverse economic characteristics and at very different stages of development. Countries such as Bolivia, Egypt, Sudan, and Thailand are predominantly rural and have significant proportions of their population still at subsistence levels. By contrast, at the upper end of the income spectrum are countries with average income per person of over US\$2,500, such as Singapore, Venezuela, and some countries in Southern Europe. Included in the Middle Income group are mineral exporting countries, whose average incomes are particularly deceptive because there are extreme differences between the mineral and non-mineral sectors of the economy. Levels of industrial development vary, from some African economies with only rudimentary manufacturing capacity to major industrial countries, such as Brazil or Yugoslavia, that export machinery. The demographic characteristics also vary, from countries whose fertility rates have already declined to quite low levels to countries where they are still rising. Amid this diversity, however, most of the Middle Income countries share two common characteristics as distinct from the Low Income countries: their growth prospects are more sensitive to economic conditions in the industrialized countries, particularly the environment for trade and commercial capital flows; and they have more resources to raise the living standards of the poor.

The first of these characteristics contributed greatly to the growth of the Middle Income countries in the last two decades, when the international environment favored the rapid growth of earnings from exports, tourism, and workers' remittances. In the next five to ten years, the environment for international trade is likely to be less favorable. This chapter explores the implications for policies to sustain rapid growth and raise export earnings. It then discusses strategies for alleviating poverty, centering on measures that modify the patterns of growth so as to benefit the low income groups.

In any particular country, the appropriate composition of investment and the policy priorities will depend on a complex set of circumstances that would require detailed analysis. The areas of action suggested in this chapter and

the possible benefits for countries with different economic structures and policy environments are illustrative, as are the country examples used.

Industrial and Trade Policy

A country's best response to a deterioration in export prospects depends not only on how dependent its economy is on trade but also on its economic structure and on its trade policy. Large countries tend to be less trade-oriented and to industrialize more rapidly than small ones, because they generally have more diverse endowments of resources and can rely on larger domestic markets to justify production on an economic scale. Countries rich in natural resources tend to industrialize more slowly than those poor in resources, which must export manufactures from an early stage in order to meet their import needs. The extent of differences among Middle Income countries in the size of their markets and their degree of openness is illustrated in Table 43, by data for a small sample of countries. The market for industrial products in Argentina is 150 times as large as the market in Togo. The contrast in the degrees of openness of the different economies is illustrated by the fact that in Malaysia and Colombia, which have markets of approximately equal size, the import ratios differ widely.

43. Size of Industrial Markets and Import Ratios in Middle Income Countries, 1975

	Market for Industrial Products (million US dollars)	Imports as Percentage of Market for Industrial Products
Togo	249	52
Ghana	2,005	26
Malaysia	5,297	42
Colombia	7,534	16
Korea, Republic of	12,736	29
Turkey	18,282	17
Yugoslavia	23,736	22
Argentina	39,013	7

Note: The market for industrial products is defined as gross industrial output plus imports minus exports. The data in this table are drawn from a variety of sources and are based on definitions that are not strictly consistent. Thus the comparisons only indicate broad orders of magnitude.

In general, it will be necessary to find ways of preserving the growth of foreign exchange earnings, while pursuing policies that will sustain economic growth as foreign exchange becomes scarcer. Measures of the first sort include increasing export incentives, negotiating strategies to improve access to markets in industrialized countries, increasing trade with other developing countries and increasing the domestic value added in existing exports. Policies to sustain economic growth based on domestic demand include the promotion of engineering industries, services, and agriculture. Some of these in fact have implications for export earnings as well: the promotion of engineering products may be an important means of diversifying the composition of manufactured exports away from products that face protectionist barriers; and the stimulation of agriculture may increase supplies of products for which export demand is expected to be strong.

Increasing Export Incentives

As countries progressively substitute domestically produced goods for imports, it gradually becomes less efficient to use domestic resources to save foreign exchange through displacing imports than to earn foreign exchange through increasing exports. Where there is little further scope for industrial import substitution, and simultaneously exports are growing slowly or not at all, scarcity of foreign exchange quickly becomes the principal bottleneck for further development.

Argentina and Turkey are among the several countries that have been in this position. Domestic industry has been protected by a complex system of tariffs, non-tariff levies, quotas, import prohibitions, differential exchange rates, and prior deposits on imports. On the available evidence, the levels of effective protection are high and vary among industries; and industrial products are much more expensive than they are internationally. Since there has been continued pressure to reduce imports, the items that continue to be imported are critical intermediate and capital goods that would be extremely costly to make locally. Economic growth thus depends heavily on the availability of imports. This, combined with unavoidable fluctuations in foreign exchange earnings, results in persistent balance of payments problems and erratic growth rates.

To strengthen the balance of payments in these countries, it would be necessary to reduce the bias against production for export relative to domestic sales, with the long-run goal of

equalizing the incentives for sales in domestic and foreign markets. Even though the outlook for manufactured exports is less favorable than before, in countries approaching the economic limits of import substitution it would be desirable to shift the structure of incentives in favor of exports.

In addition to the usual instruments of trade incentive policy—exchange rate intervention, protection against imports, and export subsidies—the instruments available for industrial policy, such as investment incentives, production and wage subsidies, and government promotional activities, can strongly influence the structure of industrial investment even in the relatively market-oriented developing economies. Government promotional activities include project identification, preparation, finance, and implementation; the design and location of infrastructure such as ports, highways, power generation facilities, and industrial estates; and the organization of research, marketing, and the import of technology.

A structure of industrial incentives which rewards firms that are efficient and can compete internationally tends to foster rapid growth in industrial employment and in incomes; a strong bias toward protection in the structure of industrial incentives tends not to favor long-term sustained growth at high rates. Changes in strategies will involve changes in industrial structure that will cause dislocation, including the loss of employment in industries where domestic production is very inefficient. This can be extremely painful, especially in countries where unemployment and underemployment are already very high, making it very difficult for displaced workers to find alternative employment. Measures can be devised to ease the transition, and to reduce the social costs associated with structural change. The justification for incurring these costs is the higher rates of growth and employment that they can help achieve.

Increasing Value Added in Exports

Countries that already export manufactured goods can raise their net earnings of foreign exchange through increasing both the volume and value added content of these exports. Raising the value added domestically does not increase market penetration in the industrialized countries, and has obvious advantages in the case of products that are subject to quantitative import restrictions in industrialized countries. However, in textiles and clothing, as noted in Chapter 3, the developing countries have

already taken the upgrading of quality and unit price a long way, so that there are unlikely to be further large gains.

Another method of raising value added is to undertake additional stages of production and marketing. Here, too, there are economic limits which must be recognized. Investments in the production of intermediate goods designed to replace imports need to be evaluated particularly carefully for economic efficiency. The production of basic intermediates such as petrochemicals and steel must be on a very large scale if it is to be economic, and a premature attempt to manufacture them domestically can jeopardize the international competitiveness of the export industries which use these intermediates. In this regard, the larger and more advanced semi-industrialized countries have an advantage over countries whose industrial markets are still small.

Almost all countries that export primary commodities seek to increase their export earnings by undertaking additional processing of the products before export. Whether they can do so efficiently can only be assessed separately for each country and commodity. It depends on a number of technical and institutional circumstances, among them the scale and capital intensity of the processing to be undertaken, and its energy needs, and marketing and freight arrangements. The major mineral exporters have already exploited the scope for domestic processing, and localizing further stages of production will probably involve large-scale and

capital-intensive investments. Exporters of timber appear to have favorable prospects for increasing domestic processing. Further processing of tropical beverages by producers is rendered extremely difficult by the fact that the processing companies in consuming countries control the marketing networks. It is unlikely that producers could establish alternative networks in importing countries.

Even though in some of the important markets the differences are modest, as Table 44 shows, import tariffs that are higher on processed than on raw materials can be an important handicap for increased processing in the developing exporting countries.

Trade Negotiations

It was emphasized in Chapter 3 that the export prospects of the developing countries were affected not only by quantitative restrictions but also by the complexity of the proliferating barriers to trade; and that the adverse effects of the new protectionism would be felt not only by the major exporters of manufactures but also by countries that were just starting to be successful exporters of manufactures, such as the Philippines or Tunisia. Maintenance of access to markets in industrialized countries and the rolling back of non-tariff barriers are of overriding importance to developing countries. To make progress in the face of protectionist pressure from producers in the industrialized countries requires, at a minimum, active participation in future trade negotiations. So far, this has generally been lacking.

In the past, the main objective of developing countries in multilateral trade negotiations has been to acquire special preferences. This led to the Generalized System of Preferences established in 1971. Two aspects of the scheme are worth noting here. The first is its very limited scope, since each industrialized country has established its own restrictions on the preferences granted, excluding some developing countries and some products, especially agricultural products, textiles, clothing, shoes, and petroleum products. In addition, there are limits on the amounts of imports receiving preferential treatment, for individual products or supplying countries, or sometimes for both simultaneously. Second, analysis has shown that most of the benefits from the scheme are derived not from its preferential features but from the additional trade that has resulted from the reduction of import tariffs. These findings probably apply more generally to unilateral preferential schemes, which are apt to be designed

44. Industrialized Countries: Average Tariff Levels in Broad Classes of Products, including Raw Materials, 1973

	Raw Materials	Semi-finished Manu- factures	Finished Manu- factures
European			
Community	0.5	8.1	9.3
United States	2.7	7.6	7.9
Japan	5.9	8.6	11.2
Canada	0.3	8.4	10.2
Australia	0.9	11.1	21.0
Sweden	0.0	4.5	6.6
Austria	5.9	8.4	16.0
Switzerland	0.3	4.4	3.6
Finland	0.0	4.1	8.0
Norway	0.1	4.8	7.4
New Zealand	0.6	8.5	32.6
Combined			
Average	2.0	8.0	9.8

Source: *Summary by Industrial Product Categories; Tariff 1973, Imports 1970 and 1971.* (Geneva; General Agreement on Tariffs and Trade, March 1974.)

so as to avoid harming producer interests in industrialized countries. They emphasize that although efforts to retain tariff preferences can be important to fledgling exporters of manufactures, it is even more important to assure access to markets in industrialized countries.

The major trade issues facing developing countries are not how to gain preferential tariff treatment from industrialized countries, but rather how to prevent the further growth of non-tariff barriers against imports. The concentration of multilateral tariff cuts on products that are not of central concern to developing countries, and the imposition of quantitative restrictions on major exports of developing countries, may be attributed in part to their lack of active participation in trade negotiations.

The negotiating position of the developing countries would undoubtedly be strengthened and the protectionist pressures in importing countries could be more effectively addressed if non-tariff barriers were negotiated on the basis of reciprocal concessions from developing countries. The different interests of countries at different stages of industrialization suggest that they can reach bargains that benefit them both. The agenda for negotiations could usefully include the following elements:

- Assured growth in the volume of industrialized countries' imports of currently restricted products that are of special interest to developing countries;
- Strict rules to prevent the creation of new non-tariff barriers, except for brief periods under agreed criteria and under strict multilateral surveillance;
- Progressive removal of present quantitative restrictions on imports and rationalization of administrative procedures;
- Progressive liberalization of imports by major

developing country exporters;

- Limitations on permissible measures to promote exports, with continued exceptions for less advanced developing countries to enable them to subsidize their export industries to redress the effects of excessively protective trade regimes;
- Agreements facilitating the growth of trade among developing countries.

By participating more fully in multilateral trade negotiations on a reciprocal basis, the more advanced developing countries can help to ensure that the international trading environment will better reflect developing countries' interests, and can attempt to counter the increasing discrimination against imports from developing countries. If this can be achieved, more countries could derive substantial benefits from a strategy where trade is the engine of growth.

Trade Among Developing Countries

Nearly a quarter of the exports of developing countries goes to other developing countries. The most dynamic category of these exports is manufactures: as shown in the last column in Table 45, these accounted for about 39 percent of the real increase in trade among developing countries during 1960-75. Acceleration of the growth of trade among developing countries must be led by manufactured exports.

Trade in manufactures among developing countries has increased rapidly during the last decade or so. It grew by 10.6 percent a year during 1960-75, accounting for a rising share of developing countries' imports of manufactures, which rose by 7.3 percent a year. Between 1970 and 1975, nearly a third of the growth in the trade in manufactures among developing countries was in machinery and transport equip-

45. Developing Countries: Product Composition of Merchandise Trade, 1975

	Imports from Developing Countries (billion US dollars)	Imports from Industrialized Countries	Imports from Other Developing Countries, as Percentage of Total Imports	Product Composition of Increase in Trade between Developing Countries, 1960-75 (percent, at 1975 prices)
Food and Beverages	9.2	15.7	33	16
Non-food Agricultural Products	2.9	3.4	41	5
Non-fuel Minerals and Metals	1.8	2.8	37	5
Fuel	20.7	2.4	57	35
Manufactures	<u>13.1</u>	<u>123.3</u>	9	<u>39</u>
Total	47.8	147.6	22	100

ment. However, apart from textiles and clothing, not more than 15 percent of developing countries' imports of manufactures come from other developing countries, and the proportion is especially low in the machinery sector, as shown in the last column of Table 46.

46. Product Composition of Trade in Manufactured Goods among Developing Countries, 1975
(Percentages)

	Developing Countries' Imports from Other Developing Countries	Developing Countries' Imports from Industrialized Countries	Share of Total Imports Obtained By Developing Countries from Other Developing Countries
Textiles	14	4	28
Clothing	5	1	39
Machinery and Transport Equipment	31	55	6
Chemicals	13	12	11
Iron and Steel	6	10	7
Other Manufactures	31	19	15
Total	100	100	9

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Much of the growth of trade in manufactures among developing countries has been based on preferential treatment in regional arrangements. Significant expansion of trade among developing countries will require stronger regional understanding, or a more general liberalization of imports.

Recent structural developments in certain groups of developing countries favor the growth of mutually beneficial trade. Some developing countries have greatly increased their industrial capabilities and can supply an increasing proportion of the capital goods required by other developing countries, possibly at lower cost and with design characteristics that are more suited to operating conditions in those countries. The tremendous expansion of developing countries' exports to major oil exporters illustrates the potential for such growth.

The more advanced Middle Income countries could realize sizable gains from trade with other developing countries, particularly in products such as chemicals where economies of scale can be overwhelmingly important. Exploiting such opportunities will require changes in industrial and trade policy. For example, these countries, which are at roughly similar levels of industrial development, all have plans to promote domestic production of machinery and chemicals,

but trade among them is only likely to expand vigorously on the basis of specialization. More detailed cooperation in the planning of industrial expansion and more liberal policies toward imports from one another will be required if trade among developing countries is to expand rapidly.

To increase trade in engineering products among developing countries will also require a considerable effort to overcome technical and marketing problems. Some of these problems, especially inadequacy of local capacity for engineering design and product development, hamper the development of this sector for domestic as well as export sales; they are discussed in the following section. Problems that pertain especially to trade among developing countries are licensing arrangements that prevent sales outside the domestic market; restrictions on the use of external financial assistance that require developing countries to purchase their equipment from industrialized countries; and the difficulties faced by capital deficit countries in financing export credits, which place them at a disadvantage in relation to suppliers in industrialized countries. None of these problems is overwhelming—as attested by the growth of trade in the past. But they do impede the rate of expansion and will have to be tackled at the international level if trade among developing countries is to expand at its potential rate.

Promotion of Engineering Industries

Metal working and electrical machinery industries play a very important role in industrial development, as countries progress from repair workshops to making replacement parts and simple implements and then to a wide variety of industrial equipment. Most developing countries have tended to discriminate against the engineering industries in favor of other branches of manufacturing. Not only are many simple products produced in small enterprises that operate under many disadvantages; in most countries, lowering the effective cost of imported machinery has been a principal means of encouraging modern manufacturing activities. With over half of the imports of developing countries from industrialized countries consisting of machinery and transport equipment, their poorer export prospects will encourage more developing countries to attempt local manufacture of these goods in order to reduce their dependence on imports.

The appropriate policies will differ according to the level of industrial development. Most of

the poorer Middle Income countries mainly need to foster the development of metal working skills and to improve the organization and technical competence of small workshops, particularly in rural areas, since a major source of demand will be agricultural. Local production of even rudimentary agricultural tools and equipment can serve an important function in the diffusion of technology, as well as providing employment and supplying implements that are adapted to the needs of local farming systems and make full use of locally available materials.

In the more industrially advanced developing countries the promotion of efficient engineering industries involves a different set of considerations. Trained workers are not as scarce as in the Low Income countries, although training institutions will undoubtedly need to be upgraded and made more responsive to the demands for specific skills. The main problems in these countries are likely to lie in design, marketing, and the economic scale of production. It is striking that even advanced producers of capital goods such as Argentina, Brazil, India, the Republic of Korea, and Mexico have a relatively limited capacity for design and development of engineering products, making it especially difficult for them to remain competitive internationally in products whose characteristics change rapidly with technical advances. Sometimes even the facilities for accurate measurement and testing of such standardized products as screws or hand tools are inadequate.

The machinery sector in the more advanced developing countries has an excellent potential for exporting as well as meeting domestic demand. The policy priorities in expanding exports of machinery differ between the standardized products whose specifications are fairly stable and the more complex products whose characteristics change continually and rapidly.

Among the standardized products, those sold to producers are likely to be much more difficult to market than those sold to consumers. Exports of consumer goods have been facilitated by the efforts of large wholesale and retail organizations in the industrialized countries that have scoured the developing countries for low cost sources of supplies. But to expand exports of producer goods will require producing countries to identify potential purchasers, and will mean they must ensure that the technical services and financing conform exactly to purchasers' needs. In producer goods, lower prices cannot make up for poor quality—a casting that is not sufficiently durable for a high speed loom cannot gain acceptance by a lowered price.

The second group, consisting of more complex products, are almost exclusively designed and developed in industrialized countries, and production in developing countries is typically undertaken under license from companies in industrialized countries. The more advanced developing countries should give priority to developing a capacity for design and technological innovation that will permit them to overcome the licensing restrictions on exports and thus to take a bigger share in the growth of trade in engineering products, both with industrialized and other developing countries.

As their industrial labor skills improve, the developing countries may benefit from an increase in subcontracting of the production of components from firms in industrialized countries. This is how the trade in electronics has grown—by shifting the assembly phases of a production process to the developing countries.

Investment in Infrastructure

Another way of sustaining high rates of growth when the prospects for exports are relatively poor is to raise investment in infrastructure, such as communications, electric power, and housing, for all of which there is generally a latent demand in developing countries. The main problem this raises is, of course, the scarcity of resources, whether of government savings to finance public investment; or of the credit that can be extended to the private sector to finance private investment; or of foreign exchange to pay for the additional imports necessitated directly by the investment and indirectly by the expenditure of the incomes that it may generate. In general, expanding investment in infrastructure will require new efforts to raise government resources, either through taxation or through fees charged to the users of the services. Because of rapid urban growth, current plans for the construction of infrastructure already strain the resources of governments, especially local governments which are responsible for a large part of investment in these sectors.

Agriculture

The major issues in agricultural development in the Middle Income countries are how to sustain a rate of growth that allows for a balanced expansion of all parts of the economy, and how to ensure that the pattern of agricultural growth is such as to make a strong and direct impact on rural poverty and, indirectly, on the migration of the poor to urban areas.

In the drive to industrialize, it has been easy

to overlook the critical role of the agricultural sector in development and to neglect the interrelation between policies to encourage the growth of domestic industry and the performance of agriculture. Despite the recent rapid rise of industry and growth of cities, there are few developing countries in which the share of population in rural areas is much below half. Agriculture is still the single most important source of livelihood in most semi-industrial countries. In several countries, its share in domestic product is about the same as, or larger than, that of industry.

Though agriculture in the Middle Income countries has generally grown more rapidly than in the Low Income countries, much of this growth has typically been in the commercial farming sector and has stemmed from extensions in cropped area rather than increases in yields. As with other generalizations about Middle Income countries, this needs an important qualification: extension of the cropped area has relied heavily on the spread of irrigation in some countries, for example Iran and Mexico; and yield increases have been important in some countries, such as Egypt, Ivory Coast, the Republic of Korea, Malaysia, and Thailand.

Even where agriculture represents a relatively small proportion of the domestic product, as in the most advanced of the Middle Income countries, the rate and pattern of agricultural growth have important implications for income distribution and poverty. Disparities between agricultural and non-agricultural incomes are often a major source of inequities in income distribution, and in most of these countries extreme poverty tends to be concentrated in the agricultural sector. Furthermore, differences in income levels within agriculture are frequently at the heart of the problems of regional poverty that plague policymakers in many countries (for example, in Brazil, Ivory Coast, Malaysia, Thailand, or Turkey; and the problems of the Sierra in countries on the west coast of South America).

An important consequence of the failure to deal with rural poverty is accelerated migration to cities. This is one of the principal causes of the continued rapid expansion of urban areas which places a heavy fiscal and administrative burden on the economy.

Sustaining rapid growth in agriculture will require a range of measures. Where there is still scope for further increases in the cultivated area, substantial investments in transportation, power, irrigation, and marketing will be necessary. Expansion of the cultivated area con-

tinues to have high priority in many Middle Income countries, for example Brazil, Colombia, Ghana, Iran, Nigeria, and Venezuela. As most of the arable land area is drawn into cultivation, and growth requires more intensive cropping practices, the need for effective research and extension services becomes more evident. Even where agricultural technologies can be imported, they have to be further researched and adapted to local conditions. Relatively few countries have so far established the institutions capable of doing such research.

In a large number of countries, it will be necessary to reform the policy framework affecting agriculture in order to accelerate growth and to ensure that it is more broadly based than in the past. The deficiencies in policy are deep-seated and essentially derive from a tendency to view the agriculture sector as a source of revenue, foreign exchange, and cheap labor with which to support rapid industrialization. Agriculture is taxed in many ways, both explicit and implicit, and agricultural investment discouraged, through overvalued exchange rates to protect industry; taxes on agricultural exports; and domestic terms of trade that support industrial profits and assure cheap food in urban areas at the expense of agricultural producers. The *ad hoc* measures sometimes taken to offset these policy biases—cheap agricultural credit, subsidized fertilizer, and price supports for crops—are difficult to sustain because they impose a heavy fiscal burden; they also accentuate rural inequalities as they primarily benefit the larger farmers engaged in commercial production. Of course, these problems do not exist in all countries. Malaysia, Ivory Coast, and the Republic of Korea are among those that have used price policies fairly successfully to encourage broadly based agricultural growth.

Excessive protection of industry involves a strong inherent bias against agricultural growth which is exceedingly difficult to offset by other measures. Moreover, while it is obviously necessary to tax agriculture, it is desirable to do so without adversely affecting the incentives to produce. This implies a reliance on income taxes and land taxes rather than taxes on exports and manipulation of the domestic terms of trade. In addition, industrial incomes should be made to bear a share of the tax burden commensurate with their share in national income. This cannot be achieved without a properly enforced income tax or value added tax, both of which are still uncommon even in economies with sophisticated industrial capacities.

Rural inequality is very much greater in some

countries than in others, primarily because of differences in agrarian structure. Two broad structural patterns can be distinguished, which have been termed unimodal and bimodal. In countries with unimodal agricultural sectors, land is fairly evenly distributed, most farmers use rather similar cropping technologies and have similar relations with industrial and export activities. Bimodal agricultural structures, by contrast, are characterized by highly unequal distribution of land and extreme dualism in access to markets, technology, credit, and other services. Table 47 illustrates the sharp differences among countries in the most important element of agrarian structure—the distribution of land holdings.

last few decades. The other solution, resettlement schemes, has been tried in Malaysia and Brazil, for example. The main problem is the high cost per resettled family because of the need to extend infrastructure and technical support to frontier areas. In addition, where there are large differences between urban and rural income levels, the settlement schemes have to provide income opportunities attractive enough to compare with those that might be obtained from migration to cities.

At a minimum, countries with bimodal agrarian structures should seek to redirect investments in infrastructure and institutional activities toward the needs of the small farmer. The allocation of credit is a case in point. Agri-

47. Distribution of Holdings by Size and Area in Selected Middle Income Countries

	Size of Holding					
	0-5 Hectares		5-50 Hectares		Over 50 Hectares	
	Percentage of Holdings	Percentage of Area	Percentage of Holdings	Percentage of Area	Percentage of Holdings	Percentage of Area
Brazil	28	1	52	13	20	86
Chile	38	1	30	5	32	94
Egypt ^a	97	67	3	27	—	6
Korea, Republic of	100	100	—	—	—	—
Turkey	79	27	20	59	1	14
Venezuela	36	1	43	7	21	92

Note: The data in this table are drawn from different official national sources. They are not strictly comparable and should be construed only as orders of magnitude.

^aThe categories used for this country are 0-4 hectares, 4-40 hectares, and over 40 hectares.

Unimodal structures are typical of the densely populated East Asian countries—the Republic of Korea and the Republic of China, other examples being Egypt and Malaysia. In these countries, policies that accelerate agricultural growth almost certainly help to reduce poverty as well, because their effects are spread relatively widely in the rural economy. This is not necessarily true in the bimodal agrarian structures of many countries in Latin America (Brazil, Colombia, and Venezuela are examples) and other countries such as Turkey and Iran. Here the benefits of agricultural growth have been unevenly spread and policies to promote further growth will have only a slight impact on poverty unless they explicitly favor the smallholder.

The crux of the problem in bimodal structures, the uneven distribution of land, can be addressed only by effective land reform or by shifting smallholders to new settlements. The political difficulties in enforcing land redistribution are well known and there have been very few instances of successful land reform in the

cultural credit extended by formal institutions is subsidized and is almost always captured by the larger farmers. Small farmers meet numerous bureaucratic obstacles that deny them subsidized credit, forcing them to rely on informal credit channels that are very much more expensive. Thus the credit system, as it now operates, frequently worsens existing income inequalities in agriculture.

Distributing the Benefits of Growth

The issues of development strategy discussed above have a crucial influence on how different sections of society participate in a country's economic growth. It is this, rather than extreme poverty, that is the main problem confronting policy makers in the Middle Income developing countries. The close interaction between policies affecting industrialization, external trade, and agriculture can result in inequities in the pattern of economic growth which are quite unintended but nevertheless large enough to

offset the attempts to improve the well-being of the relatively poor through welfare measures.

A striking example of the problem is the effect of a strong policy bias toward import substitution in industry which, over a long period of time, tends to encourage investment in sectors which are not justified on the basis of the country's comparative advantage. Investments to produce substitutes for imports become increasingly intensive in capital and technology rather than labor, keeping the growth of employment slower than it could otherwise be. The failure of employment to keep pace with the expansion of the labor force, even when output has grown rapidly, is one of the most serious problems facing many Middle Income countries. At the same time, workers who are fortunate enough to find employment in the modern industrial sector begin to form an elite; they organize and obtain supporting labor legislation and social insurance schemes. This often leads to wage rates inconsistent with current levels of productivity and opposition to adjustments in the industrial structure—both of which tend to make the long-term prospects for employment more difficult.

A policy bias in favor of import substitution in industry also tends to discriminate against agriculture, particularly small farmers growing food. Price controls tend to accentuate this bias, causing increasing inequalities in agriculture. Another consequence is a growth in migration from rural to urban areas. Added to the natural growth of urban population, this results in very rapid urbanization.

Rapid urbanization poses very difficult problems. First, urban population growth rates of about 5 percent or more a year are common in developing countries, and lead to corresponding increases in the need for housing, sanitation, roads, and other infrastructure, straining the fiscal and administrative capacities of local governments. Second, rapid urban growth is associated with growing dualism within the city, as only a small proportion of the increase in the work force finds employment in modern indus-

try. Most of the others earn meager incomes in service occupations, so purchasing power does not rise as fast as the number of people. Third, city administrations devote little finance or administrative talent to improving the conditions of the poor, most of whom live in squatter settlements in otherwise open areas or on the outskirts of the city. The distribution of public services is more skewed in countries with workers' insurance schemes that subsidize housing and hospital care for workers in the modern sector but not for others.

A prerequisite for improving the availability of essential public services to the poor in the Middle Income countries is a strong commitment to mobilizing financial resources. While these countries have more resources than Low Income countries, relatively few of them have fiscal systems capable of mobilizing funds efficiently on an adequate scale. Part of the reason for this weakness is the heavy reliance on taxes on international trade, which cannot be raised without seriously distorting the allocation of private investment in the economy. A direct approach to alleviating poverty would have to include a reform of the fiscal system.

Fiscal reform needs to be undertaken with the commitment to direct a much greater share of public expenditures toward the poor. This applies most forcefully to the extension of water supply and sanitation facilities to the urban fringes where the poor live and the establishment of health care and housing facilities that the poor can afford. To extend these services, it would be desirable for governments in Middle Income countries to devote substantially more attention and resources to the research and development of cheaper alternative designs and more effective administrative and institutional arrangements. This will involve a good deal of experimentation and continued evaluation of programs in many countries. It will be necessary to strengthen collaboration between developing and industrialized countries, particularly in finding solutions to the problems of technology and design.

Chapter 8: Conclusions

The development progress of the past twenty-five years has exceeded early expectations in many respects. Nonetheless about 800 million people, more than one-third of the total population of the developing world, still live in absolute poverty. The central objectives of the international development task must be rapid economic growth and the reduction of poverty.

This report has discussed the policies and prospects for development progress in these main areas:

- *Sustaining rapid economic growth;*
- *Modifying the pattern of economic growth so as to raise the productivity and incomes of the poor;*
- *Improving the access of the poor to essential public services;*
- *Maintaining an international environment supportive of development by improving the framework for international trade, facilitating an expansion of lending at market terms, and expanding the volume of concessional assistance.*

Rapid growth is fundamental to any development strategy. In the Low Income countries, in particular, substantial and sustained progress in reducing poverty will be impossible without accelerating growth rates. But growth alone is not enough. Because the poor tend to share less than proportionately in growth, since they have only limited access to productive assets, education, and employment, deliberate action is necessary in areas that affect the distribution of increases in income. These include the structure of economic incentives, the allocation of investments, and the creation of special institutions and programs to increase the productivity of the poor and their opportunities for employment.

In the Low Income countries, with their large numbers of rural poor and heavy dependence on agriculture, the main emphasis must be placed on raising productivity in the rural economy, particularly the productivity of small farmers. In parts of Asia where a large potential for irrigation can be tapped, output can be increased rapidly by stepping up irrigation investments. Changes will be necessary in the administration and organization of agricultural support services, to assure that information is disseminated broadly and quickly and that the services are responsive to the special needs of small farm-

ers. In rainfed areas, too, there is considerable scope for progress with present knowledge. But in the drought prone areas of Sub-Saharan Africa and Asia, major technological problems remain to be resolved if long-term agricultural growth is to be achieved.

Measures to make crop cultivation more productive should be supplemented by dairy, poultry, and fisheries programs which are particularly important in raising the incomes of small and marginal farmers and the landless. But even on optimistic assumptions about the growth of agriculture, underemployment will be a growing problem in Low Income Asia, calling for greater emphasis on creating non-farm jobs in rural areas and systematic expansion of large-scale public works programs.

Strengthening rural and urban infrastructure to support these development efforts will be highly demanding of investment funds in industry as well as in agriculture. Capital needs to be used more efficiently, but rapid increases in investment rates will still be essential. To achieve the necessary levels of investment will require an increase in domestic savings, both public and private, supplemented by large inflows of concessional capital.

The uncertainty about international trade and capital movements in the next few years poses strategic choices for the Middle Income countries, which are more affected by changes in international economic conditions. In most of them, efforts to sustain the growth of export earnings will have to be supplemented by measures to achieve a more broadly based expansion of domestic demand. This will require a more balanced growth strategy, including the acceleration of agricultural development. Greater priority will need to be given to investments in the physical infrastructure supporting agriculture, the creation of a more satisfactory set of incentives and relative prices, and much improved support services. Measures to preserve the growth of foreign exchange earnings include raising export incentives; increasing the domestic value added in manufactured goods exports; and, particularly for the more advanced countries, exporting a more diverse range of manufactured goods. Measures to further the growth of trade among developing countries will also be important.

The poor in both the Middle Income and Low Income countries have very inadequate access to such public services as health facilities, potable water, sanitation, and education. Programs designed specifically to make these services accessible to the poor should be an important part of development. In nearly all countries, there is a good deal of scope for extending such services more widely within the same budgetary allocations, by adapting successful experiments in low cost delivery systems, by using suitable technologies and design standards, and by relying more heavily on the participation and self-help efforts of the communities who are to benefit. Nonetheless, extending the supply of public services to the full population will require substantial additional investments in all types of infrastructure, and large increases in public expenditures to operate and maintain these systems.

Measures to alleviate poverty will run into social, political, and administrative obstacles which must not be underestimated. The strength of deep-seated traditions, weaknesses in administration, and opposition from affected groups can make it formidably difficult for even the most dedicated governments to modify the patterns of economic growth or to alter the distribution of essential public services. These problems are even more severe when economic growth is slow and the resources available for investment and public services remain relatively stagnant.

Serious though these obstacles may be, they are no justification for inaction. Success is far more likely if governments set themselves explicit targets for the growth of incomes of the poorest groups and for the extension of basic public services, and then monitor progress regularly. The paucity of data on incomes, nutritional deficiencies, and access to public services reflects the absence until recently of policy concern with the poor and of anti-poverty programs with specific objectives. The collection of data on the conditions of the poor is within the capacity of most countries and will be vital to them in evaluating their policies, programs, and investments.

However, progress in the developing countries does not depend solely on domestic efforts. The latter must be reinforced by international action in a number of areas.

The most important of these areas is international trade. The scope for the growth of exports from developing to industrialized countries is likely to be much more limited for the next decade than it was in the last two. The main

reasons for this are the faltering pace of economic recovery in the industrialized countries and the rise of protectionist pressures. A coordinated approach to the demand management problems of industrialized countries is essential if they are to avoid a protracted period of slow growth, with its extremely adverse consequences for the growth of trade, including an increase in import barriers. The need for such an approach has been discussed in several forums, including the OECD and the Interim Committee of the International Monetary Fund, but progress has been modest so far.

In considering how to accelerate growth in industrialized countries, the importance of links with the developing countries should be recognized. Twenty-five years ago, these links were imperceptible; today they are significant. Import demand in developing countries has remained buoyant enough in recent years to help maintain production and employment levels in important export-oriented industries of the OECD countries. With more purchasing power, the developing countries can help to stimulate demand further.

The international community faces a long period of shifting comparative advantage, and it is essential that countries be ready to accept and facilitate the changes in industrial structures that this will involve. A few countries have undertaken studies of the direction these changes are likely to take over the longer run. Others should do the same since such information is necessary for framing and implementing appropriate adjustment policies. It would impart a desirable sense of urgency if governments were to commit themselves to formulating such policies and agree to consult on their implementation in an international forum such as the OECD.

The developing countries, too, face problems in adjusting to changing international trade patterns. The more advanced of them need to step up programs to diversify the product composition and markets of their manufactured exports. To promote trade among developing countries will require changes in industrial incentive structures, reduction of trade barriers, and strengthening of the institutional infrastructure in transport, communications, and credit.

In addition, countries must move jointly to strengthen the international framework governing trade relations so as to assure that the barriers to trade, which exist in both industrialized and developing countries, will be gradually dismantled, and that explicit criteria are established for those barriers which must be imposed

to deal with temporary difficulties. As international specialization increases, active participation by developing countries in international trade discussions will become more and more important to offset protectionist pressures and progressively reduce the impediments to the growth of trade. For countries that still depend heavily on exports of a few primary commodities, action to reduce fluctuations of prices and to improve the systems which compensate for temporary declines in earnings is of great importance.

Even with a steady expansion of earnings from trade, the resources available to the developing countries must be supplemented by an adequate inflow of external capital. In this area, too, there are uncertainties. They relate to the rate of growth of private lending, the expansion of the lending capacity of the multilateral financing institutions, and the increased availability of Official Development Assistance.

Net disbursements of Official Development Assistance are projected to rise from US\$19 billion in 1975 to US\$57 billion in 1985 (in current prices), with a gradually rising share of the total going to the Low Income countries. Official Development Assistance from members of the DAC is projected to rise from US\$14 billion in 1975 to US\$44 billion in 1985. Despite this increase, ODA as a share of their gross national product would rise only slightly—from 0.36 percent in 1975 to 0.39 percent in 1985. This still falls far short of internationally declared objectives. Even the projected availability of ODA is not likely to be realized unless three large contributors—the United States, Germany, and Japan—increase their commitments substantially. Statements have been made in all three countries in support of an enlarged aid effort, but they have yet to be translated into action.

Additional concessional resources would permit both a higher rate of growth and greater progress in dealing with poverty. The large investments necessary to accelerate growth in agriculture and expand public services require an increased flow of concessional capital to the Low Income and to the poorer of the Middle Income countries. Although at particular times, in individual countries, there may be temporary problems of absorptive capacity, there is no doubt that additional resources could be used effectively. Additional external resources cannot guarantee either accelerated growth or success in dealing with poverty, but the absence of adequate resources greatly increases the probability of failure.

The net flow of capital at market terms is of

special importance to the Middle Income countries. The projected increase from US\$25 billion in 1975 to US\$78 billion in 1985 (at current prices) assumes that lending by the private sector and multilateral lending institutions will grow at 12 percent a year. This involves a number of issues.

Much of the recent growth in private lending to developing countries has come from a relatively small number of large banks, mainly in the United States. Future lending from these banks to the developing countries may be limited by the growth of the banks' own capital and by internal considerations of appropriate balance in their portfolios. Other banks, including some in Europe and Japan, and non-bank private investors are increasing their share of developing country financing. If the projected increase in private lending is to materialize, it is important that this trend continues.

The projected growth of net lending from private banks to developing countries involves an even more rapid expansion of gross lending, due to the rather short average maturity of private financing in recent years. The high ratio of gross to net lending has the potential for serious instability. To reduce this will require measures which will extend the average maturity of private lending to the developing countries, including improved access to the long-term bond markets.

Whether the projected net flow of private lending to developing countries will be achieved depends on a fragile mixture of fact and psychology. The concentration of past lending in a relatively few large borrowing countries has made lenders sensitive to developments there. A debt management problem in any one major borrower could easily affect the willingness of private lenders to lend to other developing countries. Present prospects do not suggest a general problem of debt servicing capacity, but individual countries could encounter short-term liquidity problems. Expansion of the resources of the International Monetary Fund would augment the capacity to deal with such problems.

More general difficulties might arise if the trade regime were to deteriorate further, since this would affect countries' export earning capacity and hence their capacity to service debt. The willingness of private institutions to lend might also be affected by the regulatory environment in the capital exporting countries and by their governments' attitudes to lending to developing countries. Some actions designed to assure the stability of the banking system in the capital exporting countries could, by caus-

ing abrupt changes in the availability of finance to the developing countries, trigger the sort of debt crises that they are intended to prevent.

International lending institutions are the principal source of long-term capital for the developing countries. Their declining share in the total supply of capital is reflected in the deteriorating maturity profile of the debt of Middle Income countries. The achievement of a better balance between medium-term lending from private sources and long-term lending from the international institutions crucially depends on the capacity of the latter to increase their lending. This requires early agreement to expand the capital of these institutions. Action to do this is now under consideration. Increased lending by the international financial institutions not only helps to improve the maturity structure of debt but also provides assurance to private lenders—either through cofinancing activities or indirectly—about the quality of investment programs and debt management in the developing countries.

One special aspect of the availability of capital is the financing of energy development, particularly for oil and gas resources. Sometimes the known or suspected deposits of petroleum and gas in developing countries are too small to attract the major international companies even if they are of importance to the countries themselves; or the risk of exploration within the limited territory of a small country cannot be offset by exploration in adjoining tracts in neighboring countries; or the investment climate is too risky. To finance the development of energy resources in developing countries will demand substantial amounts of external capital and expertise. Private risk capital, which in the past has been a major source of finance, is now less readily available. The World Bank has begun to provide financing for this purpose, and plans to expand such operations in association with private capital. Other international institutions are considering similar programs. Such programs ought to be expanded rapidly and governments should consider whether expanded insurance and guarantee provisions could augment the flow of private capital.

The above discussion of the areas in which international action is needed has emphasized

their importance for the prospects of developing countries. But it should be obvious that the industrialized countries too have a large stake in the rapid growth of the volume of trade—in a liberal, nondiscriminatory trading environment—and in more stable commodity prices. While their rate of economic growth is not as sensitive to short-term changes in international trade, exports play a major role in their economies, and the developing countries are increasingly important markets for export industries. The maintenance of a liberal, non-discriminatory trading system facilitates the continued growth of labor productivity and helps to ease inflationary pressures. Increasing the supply of energy and food to meet growing demand from both industrialized and developing countries is of vital importance to both. The developing countries not only are important customers for the exports of industrialized countries; they are an important element in the world capital markets, and have helped to invest the vastly expanded supply of savings productively.

The interdependence between the developing and the industrialized countries is not a new phenomenon—it has been growing in importance for decades. But it is perhaps not yet fully understood how far the process has come, nor how much further it will go in the next decades. At present, there is concern with the short-term disruptions caused by shifts in trade patterns, rather than recognition of the vital contribution of trade to long-run growth in productivity; concern with the growing indebtedness of some developing countries, rather than emphasis on strengthening institutional capacity for financial intermediation in line with global needs; fear about the implications of shifting economic strengths, rather than acknowledgment of the benefits of accelerated progress in the developing countries. But the current need to adjust is not a transient problem: it reflects a continuing, long-term, structural shift. It is important, therefore, that the implications and benefits of global interdependence be fully recognized. It will be to the advantage of all countries to sustain an international environment that supports the efforts of developing countries to sustain rapid growth and alleviate poverty as rapidly as possible.

Annex

**World
Development
Indicators**

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^aIn the tables, countries will be listed within their group in ascending order of income per capita. The reference numbers indicate that order.

World Development Indicators

Annex to the World Development Report

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Introduction

This volume of statistics has been prepared, in conjunction with the *World Development Report*, to provide concise information of general relevance about the main features of economic and social development. The selection of the indicators has been based on data being available for a large number of countries, on the availability of historical series to allow the measurement of growth and change, and on the relevance of data to the principal processes of economic and social development. Rates of change and ratios are given to illustrate trends; absolute values are reported only in a few instances. To facilitate comparison, the median value of the indicator is shown for each country group. The most current data available have been used. Information has been drawn from the data files and publications of various international agencies, including the World Bank's data files which have been built up systematically in the course of economic missions to member countries.

Although the statistics presented are drawn from sources generally judged the most authoritative and reliable, some of them, particularly those describing social features, may have a considerable margin of error. While readers should not attribute a degree of precision to the data that may not be merited, the statistics are nonetheless useful to describe orders of magnitude, indicate trends, and characterize certain major differences between countries.

Three types of information are included in the tables. The profiles of countries in Table 1 provide an overview of population, per capita income and its growth, changes in food and energy production, energy consumption per capita, and inflation rates. Tables 2-5 on the growth and structure of production and demand show historical data for the 1960-70 and 1970-76 periods. Tables 6-12 on the international accounts give

details of the growth, structure and direction of trade, the balance of payments, capital flows, debt, and aid. Tables 13-16 on population growth, structure, and change show the components of the population growth rate, the dynamics of the population structure, and developments in the labor force. The social indicators in Tables 17 and 18 provide some information on health conditions and on the availability of health and education services. The data in these areas are sparse, and reliable information on such other basic amenities as housing, or on such a fundamental requirement as adequate nutrition, is not available for most countries. The collection of such data, which help to define the shortfall in meeting the basic needs of the population, is an urgent matter.

The country groups used in the tables are: low income developing countries, with per capita incomes of US\$250 or below in 1976; middle income developing countries, with per capita incomes above that level; industrialized countries; major capital surplus oil exporting countries; and centrally planned economies. Within each group, countries are listed in order of their per capita income in 1976, starting with the poorest. The alphabetical index on the page preceding the table of Contents shows the reference number of each country which is used in all tables.

Readers are urged to refer to the Technical Notes at the end of the volume, which outline the concepts, definitions, and methods used. The Bibliography gives details of the data sources.

While this handbook is not designed as an exhaustive statistical compendium, it is hoped that policy makers will find it a useful source for ready reference. It is intended to update the handbook annually. To improve its utility, comments and suggestions from users will not only be welcome but will be essential to meet their requirements more effectively.

Key to Tables

Figures in the blue bands are the median values of indicators for each group of countries.

.. Not available.

(.) Less than half the unit shown.

All growth rates are shown in real terms.

Italics: Figures in italics refer to 1975 rather than 1976.

Table 1: Basic Indicators

	Popula- tion (millions) Mid-1976	Area (thousand square kilo- meters)	GNP Per Capita		Index of Per Capita Food Produc- tion, 1965-67 = 100 Av.1974-76	Energy		Average Annual Rate of Inflation	
			(US dollars) 1976	Average Annual Growth (per- cent) 1960-76		Average Annual Growth of Pro- duction (percent) 1960-75	Per Capita Consump- tion (kilograms of coal equivalent) 1975	(percent) 1960-70	1970-76
Low Income Countries			150	0.9	96	9.4	52	3.1	9.8
1 Bhutan	1.2	47	70	-0.3	..	..	..	..	..
2 Cambodia	8.1	181	..	..	53	..	16	3.8	98.6
3 Lao PDR	3.3	237	90	1.8	103	..	63	5.6	22.3
4 Ethiopia	28.7	1,222	100	1.9	83	12.5	29	2.1	2.3
5 Mali	5.8	1,240	100	0.9	71	15.8	25	5.0	7.1
6 Bangladesh	80.4	144	110	-0.4	95	..	28	3.1	20.7
7 Rwanda	4.2	26	110	0.8	114	21.4	14	13.1	10.6
8 Somalia	3.3	638	110	-0.3	91	..	36	4.5	8.9
9 Upper Volta	6.2	274	110	0.8	84	..	20	1.3	6.3
10 Burma	30.8	677	120	0.7	98	4.5	51	2.7	16.1
11 Burundi	3.8	28	120	2.3	101	..	13	2.8	8.7
12 Chad	4.1	1,284	120	-1.1	76	..	39	4.6	6.6
13 Nepal	12.9	141	120	0.2	98	20.1	10	8.5	8.4
14 Benin	3.2	113	130	0.1	83	..	52	1.9	8.3
15 Malawi	5.2	119	140	4.1	107	28.2	56	2.3	9.8
16 Zaire	25.4	2,345	140	1.4	93	2.8	78	29.9	15.7
17 Guinea	5.7	246	150	0.4	94	10.4	92	1.7	7.2
18 India	620.4	3,288	150	1.3	107	4.1	221	6.9	9.2
19 Viet Nam	47.6	333	..	..	..	0.5	..	..	..
20 Afghanistan	14.0	648	160	0.0	94	34.1	52	11.6	3.1
21 Niger	4.7	1,267	160	-1.1	67	..	35	2.3	1.7
22 Lesotho	1.2	30	170	4.6	102	..	..	2.5	8.8
23 Mozambique	9.5	783	170	1.4	95	3.3	186	2.8	6.9
24 Pakistan	71.3	804	170	3.1	114	8.9	183	3.3	15.2
25 Tanzania	15.1	945	180	2.6	113	9.0	70	1.8	11.7
26 Haiti	4.7	28	200	0.1	103	..	30	3.8	13.5
27 Madagascar	9.1	587	200	-0.1	90	5.5	71	3.2	10.2
28 Sierra Leone	3.1	72	200	1.1	97	..	116	2.9	10.2
29 Sri Lanka	13.8	66	200	2.0	110	9.8	127	1.8	11.5
30 Central African Emp.	1.8	623	230	0.3	103	13.3	34	4.2	8.3
31 Indonesia	135.2	1,904	240	3.4	117	8.5	178	180.0	22.7
32 Kenya	13.8	583	240	2.6	88	9.9	174	1.4	11.1
33 Uganda	11.9	236	240	1.0	89	5.1	55	3.0	17.1
34 Yemen Arab Rep.	6.0	195	250	..	101	..	49	..	..
Middle Income Countries			750	2.8	104	8.5	524	3.2	12.5
35 Togo	2.3	56	260	4.1	59	..	65	1.7	8.6
36 Egypt	38.1	1,001	280	1.9	104	7.4	405	3.5	5.2
37 Yemen, PDR	1.7	333	280	-6.3	97	..	328	..	..
38 Cameroon	7.6	475	290	2.8	108	1.1	104	3.7	9.7
39 Sudan	15.9	2,506	290	0.4	117	11.7	140	3.7	3.5
40 Angola	5.5	1,247	330	3.0	92	30.0	174	3.3	13.5
41 Mauritania	1.4	1,031	340	3.7	68	..	108	1.6	10.3
42 Nigeria	77.1	924	380	3.5	89	29.5	90	2.6	16.1
43 Thailand	43.0	514	380	4.5	106	17.2	284	1.9	10.3
44 Bolivia	5.8	1,099	390	2.3	119	16.1	303	3.8	25.9
45 Honduras	3.0	112	390	1.5	102	23.9	232	3.0	5.5
46 Senegal	5.1	196	390	-0.7	96	..	195	1.6	12.1
47 Philippines	43.3	300	410	2.4	108	3.3	326	5.8	15.1
48 Zambia	5.1	753	440	1.7	104	34.1	504	7.6	3.8
49 Liberia	1.6	111	450	2.0	108	26.3	404	1.9	10.3
50 El Salvador	4.1	21	490	1.8	108	5.0	248	0.3	7.1
51 Papua New Guinea	2.8	462	490	3.5	99	11.0	278	3.6	7.8
52 Congo, People's Rep.	1.4	342	520	2.8	93	17.9	209	3.9	9.3
53 Morocco	17.2	447	540	2.1	103	1.6	274	2.2	9.3
54 Rhodesia	6.5	391	550	2.2	107	0.6	764	1.3	7.5
55 Ghana	10.1	239	580	-0.1	93	27.3	182	7.6	23.5
56 Ivory Coast	7.0	323	610	3.4	124	9.0	366	2.8	11.0
57 Jordan	2.8	98	610	1.6	47	..	408	1.1	9.6
58 Colombia	24.2	1,139	630	2.8	106	2.6	671	11.9	20.7
59 Guatemala	6.5	109	630	2.4	114	9.9	237	0.2	9.4
60 Ecuador	7.3	284	640	3.6	97	20.3	442	4.6	13.6
61 Paraguay	2.6	407	640	2.2	94	44.0	153	3.0	13.6
62 Korea, Rep. of	36.0	99	670	7.3	104	6.2	1,038	16.7	17.5
63 Nicaragua	2.3	130	750	2.4	103	20.9	479	1.9	10.8
64 Dominican Rep.	4.8	49	780	3.4	111	8.0	458	2.1	8.9
65 Syrian Arab Rep.	7.7	185	780	2.2	113	70.9	477	1.8	18.8

	Popula- tion (millions) Mid-1976	Area (thousand square kilo- meters)	GNP Per Capita		Index of Per Capita Food Produc- tion, 1965-67 = 100 Av.1974-76	Energy		Average Annual Rate of Inflation	
			Average Annual Growth			Average Annual Growth of Pro- duction (percent) 1960-75	Per Capita Consump- tion (kilograms of coal equivalent) 1975	(percent)	
			(US dollars) 1976	(per- cent) 1960-76				1960-70	1970-76
66 Peru	15.8	1,285	800	2.6	99	2.0	682	9.9	15.6
67 Tunisia	5.7	164	840	4.1	134	5.5	447	3.7	7.7
68 Malaysia	12.7	330	860	3.9	146	34.6	560	-0.2	7.0
69 Algeria	16.2	2,382	990	1.7	100	10.1	754	2.3	14.8
70 Turkey	41.2	781	990	4.2	114	6.8	630	5.5	19.8
71 Costa Rica	2.0	51	1,040	3.4	130	8.9	544	1.9	13.7
72 Chile	10.5	757	1,050	0.9	92	-1.0	765	32.9	273.6
73 China, Rep. of	16.3	36	1,070	6.3	..	..	1,427	4.1	11.9
74 Jamaica	2.1	11	1,070	1.9	89	-0.6	1,427	3.8	17.5
75 Lebanon	3.2	10	..	3.1	95	11.1	928	1.4	4.4
76 Mexico	62.0	1,973	1,090	3.0	98	6.0	1,221	3.5	14.2
77 Brazil	110.0	8,512	1,140	4.8	114	7.1	670	46.0	26.1
78 Panama	1.7	76	1,310	3.7	114	13.6	865	1.6	11.2
79 Iraq	11.5	435	1,390	3.6	89	5.2	713	1.7	17.5
80 Uruguay	2.8	178	1,390	0.6	110	3.0	942	51.1	70.5
81 Romania	21.4	238	1,450	8.4	117	4.2	3,803	..	..
82 Argentina	25.7	2,767	1,550	2.8	104	5.8	1,754	21.8	88.7
83 Yugoslavia	21.5	256	1,680	5.6	120	4.0	1,930	12.6	16.3
84 Portugal	9.7	92	1,690	6.5	103	1.3	983	2.9	11.9
85 Iran	34.3	1,648	1,930	8.2	109	13.0	1,353	1.1	25.2
86 Hong Kong	4.5	1	2,110	6.5	84	..	1,119	2.3	8.6
87 Trinidad and Tobago	1.1	5	2,240	2.6	92	2.9	3,132	3.6	18.8
88 Venezuela	12.4	912	2,570	2.6	113	0.3	2,639	1.3	13.4
89 Greece	9.1	132	2,590	6.1	131	13.2	2,090	3.2	13.3
90 Singapore	2.3	1	2,700	7.5	208	..	2,151	1.1	8.1
91 Spain	35.7	505	2,920	5.5	125	1.1	2,147	6.3	12.8
92 Israel	3.6	21	3,920	4.3	126	32.8	2,806	5.9	23.7
Industrialized Countries			6,200	3.4	110	3.0	5,016	4.2	9.3
93 South Africa	26.0	1,221	1,340	3.0	102	3.8	..	3.1	11.3
94 Ireland	3.2	70	2,560	3.3	126	-0.1	3,097	5.2	13.9
95 Italy	56.2	301	3,050	3.8	107	3.1	3,012	4.4	12.9
96 United Kingdom	56.1	244	4,020	2.2	110	-1.3	5,265	4.1	13.3
97 New Zealand	3.1	269	4,250	1.6	102	2.8	3,111	3.2	11.6
98 Japan	112.8	372	4,910	7.9	107	-3.9	3,622	4.8	10.1
99 Austria	7.5	84	5,330	4.3	117	0.3	3,700	3.6	7.9
100 Finland	4.7	337	5,620	4.5	113	3.2	4,766	5.6	13.6
101 Australia	13.7	7,687	6,100	3.0	112	10.4	6,485	3.1	13.5
102 Netherlands	13.8	41	6,200	3.7	136	15.3	5,784	5.3	8.9
103 France	52.9	547	6,550	4.2	107	-2.8	3,944	4.2	9.3
104 Belgium	9.8	31	6,780	4.2	119	-7.6	5,584	3.6	8.8
105 Germany, Fed. Rep.	62.0	249	7,380	3.4	111	-0.8	5,345	3.1	6.4
106 Norway	4.0	324	7,420	3.9	105	8.7	4,607	4.2	8.6
107 Denmark	5.1	43	7,450	3.3	99	-20.5	5,268	6.0	9.8
108 Canada	23.2	9,976	7,510	3.5	94	8.6	9,880	3.1	9.2
109 United States	215.1	9,363	7,890	2.3	114	2.9	10,999	2.8	6.8
110 Sweden	8.2	450	8,670	3.1	110	3.5	6,178	4.3	8.8
111 Switzerland	6.4	41	8,880	2.2	102	4.3	3,642	4.5	7.4
Capital Surplus Oil Exporters			6,310	7.0	..	12.8	1,398	1.0	33.3
112 Saudi Arabia	8.6	2,150	4,480	7.0	102	12.8	1,398	1.0	33.3
113 Libya	2.5	1,760	6,310	10.2	96	21.7	1,299	5.3	16.5
114 Kuwait	1.1	18	15,480	-3.0	..	3.4	8,718	0.6	35.6
Centrally Planned Economies			2,280	3.5	114	4.6	3,624	..	..
115 China, People's Rep.	835.8	9,597	410	5.2	108	4.6	693	..	..
116 Korea, Dem. Rep.	16.3	121	470	3.5	110	9.5	2,808	..	..
117 Albania	2.5	29	540	4.5	114	9.2	741	..	..
118 Cuba	9.5	115	860	-0.4	95	18.5	1,157	..	..
119 Mongolia	1.5	1,565	860	1.0	..	9.8	1,091	..	..
120 Hungary	10.6	93	2,280	3.0	133	1.9	3,624	..	..
121 Bulgaria	8.8	111	2,310	4.6	100	3.0	4,781	..	..
122 USSR	256.7	22,402	2,760	3.8	113	5.7	5,546	..	..
123 Poland	34.3	313	2,860	4.1	115	3.9	5,007	..	..
124 Czechoslovakia	14.9	128	3,840	2.6	123	1.3	7,151	..	..
125 German Dem. Rep.	16.8	108	4,220	3.2	120	0.6	6,835	..	..

Table 2: Growth of Production

	Average Annual Growth Rates (percent)							
	GDP		Agriculture		Industry		Services	
	1960-70	1970-76	1960-70	1970-76	1960-70	1970-76	1960-70	1970-76
Low Income Countries	3.6	2.9	2.3	1.6	6.7	4.5	3.6	3.4
1 Bhutan	..	..	..	..	..	..	..	..
2 Cambodia	3.8	..	2.3	..	8.4	..	3.2	..
3 Lao PDR	..	..	..	..	..	..	..	..
4 Ethiopia	4.4	2.5	2.2	0.9	7.4	1.6	7.3	4.4
5 Mali	2.9	3.5	1.3	-0.8	4.0	8.9	4.4	5.5
6 Bangladesh	3.6	1.6	2.7	0.5	7.9	1.8	3.6	2.2
7 Rwanda	..	3.4	..	3.3	..	8.4	..	3.5
8 Somalia	1.0	2.1	-1.5	-1.2	3.3	10.3	2.1	8.0
9 Upper Volta	1.5	3.3	0.0	3.2	3.8	7.0	2.3	1.8
10 Burma	2.6	3.3	4.1	2.5	2.8	2.8	1.3	3.0
11 Burundi	5.4	1.4	..	1.0	..	4.3	..	1.1
12 Chad	2.5	0.8	1.8	-1.3	3.9	8.1	2.9	-0.6
13 Nepal	2.5	2.7	..	1.9	..	..	..	..
14 Benin	2.6	2.3	..	-0.3	..	9.8	..	6.0
15 Malawi	5.2	8.9	2.9	5.5	13.9	12.4	8.9	11.4
16 Zaire	4.7	4.3	3.9	1.9	35.9	5.0	-2.5	5.0
17 Guinea	3.2	5.3	2.1	10.2	6.2	3.9	2.2	3.2
18 India	3.6	2.7	1.9	1.4	5.5	3.8	3.9	2.4
19 Viet Nam	..	..	..	..	..	..	..	..
20 Afghanistan	2.1	4.4	..	..	..	..	..	..
21 Niger	2.7	-0.4	3.3	-4.0	11.1	10.0	0.6	0.8
22 Lesotho	7.0	4.3	..	..	..	..	..	..
23 Mozambique	4.8	-2.0	2.1	2.1	10.8	-3.8	5.8	-2.1
24 Pakistan	6.7	3.6	4.9	1.6	10.1	4.1	6.2	5.0
25 Tanzania	5.4	4.2	3.7	2.5	8.0	2.9	5.3	2.8
26 Haiti	0.7	3.2	0.8	1.6	0.4	8.8	0.7	2.4
27 Madagascar	..	0.3	..	1.2	..	2.0	..	4.5
28 Sierra Leone	3.5	2.0	1.4	2.0	2.7	-3.0	4.2	4.0
29 Sri Lanka	4.6	2.9	3.0	1.2	6.7	3.0	5.1	3.7
30 Central African Emp.	1.2	0.9	0.8	1.9	5.5	4.7	0.1	-1.8
31 Indonesia	3.5	8.3	2.7	4.0	4.7	12.4	3.5	7.3
32 Kenya	7.1	4.8	5.9	1.6	7.5	9.8	7.9	5.1
33 Uganda	5.1	-0.1	2.8	1.3	7.8	-6.7	8.3	-3.2
34 Yemen Arab Rep.	..	..	..	..	..	..	..	..
Middle Income Countries	5.7	6.0	3.6	3.2	7.6	7.2	5.8	6.9
35 Togo	8.5	4.1	4.3	3.0	7.3	7.0	8.8	3.7
36 Egypt	4.5	7.6	2.9	3.0	5.4	4.3	6.1	13.4
37 Yemen, PDR	0.4	3.8	..	6.2	..	17.7	..	-0.9
38 Cameroon	5.2	2.7	6.5	3.4	7.7	3.3	11.1	0.7
39 Sudan	2.9	6.1	3.3	8.8	1.7	2.8	-2.2	7.5
40 Angola	5.1	1.0	4.0	-0.7	9.8	11.6	3.9	3.0
41 Mauritania	8.1	4.3	2.4	-2.1	15.8	7.1	13.0	-1.0
42 Nigeria	3.1	7.4	-0.5	-0.2	13.8	12.6	5.2	9.5
43 Thailand	8.2	6.5	5.5	4.3	11.7	8.2	9.2	6.9
44 Bolivia	5.2	6.0	3.0	5.6	6.5	4.9	5.8	7.3
45 Honduras	5.1	2.9	5.7	-0.6	5.2	7.2	5.0	3.0
46 Senegal	2.6	1.8	1.9	3.4	3.7	3.9	2.5	-0.1
47 Philippines	5.1	6.3	4.3	4.6	6.0	8.7	5.0	5.1
48 Zambia	4.0	3.1	2.0	3.2	-0.1	3.4	8.1	4.4
49 Liberia	6.4	2.9	6.3	4.9	7.8	0.3	2.6	9.4
50 El Salvador	5.9	5.0	3.0	4.2	8.5	6.3	6.5	4.8
51 Papua New Guinea	..	..	..	..	..	..	..	..
52 Congo, People's Rep.	4.6	8.3	4.6	-7.2	7.6	22.6	2.4	7.0
53 Morocco	4.1	4.8	4.2	0.6	4.2	7.8	3.9	5.5
54 Rhodesia	..	..	..	..	..	..	..	..
55 Ghana	2.1	2.0	3.7	1.3	6.7	4.2	-1.4	3.8
56 Ivory Coast	8.0	6.5	4.2	3.5	11.6	7.9	10.0	7.7
57 Jordan	6.6	5.1	5.0	2.6	9.9	16.0	5.6	2.9
58 Colombia	5.1	6.5	3.5	4.5	6.0	6.7	5.8	8.1
59 Guatemala	5.6	5.9	..	..	..	..	..	..
60 Ecuador	5.9	10.7	4.0	5.7	7.6	14.2	5.1	14.0
61 Paraguay	4.3	6.5	2.1	5.9	5.5	7.7	5.2	6.8
62 Korea, Rep. of	8.5	10.3	4.5	4.8	17.2	17.1	8.4	8.6
63 Nicaragua	7.2	5.7	6.7	5.7	11.0	7.3	5.8	4.8
64 Dominican Rep.	4.4	8.9	2.2	3.0	6.2	14.1	5.1	9.7
65 Syrian Arab Rep.	5.7	7.0	4.4	6.4	5.9	11.1	4.7	4.3

Average Annual Growth Rates (percent)

	GDP		Agriculture		Industry		Services	
	1960-70	1970-76	1960-70	1970-76	1960-70	1970-76	1960-70	1970-76
66 Peru	5.4	5.7	1.9	0.6	5.5	6.2	5.8	8.4
67 Tunisia	4.6	9.4	2.0	9.2	8.7	10.1	2.9	9.7
68 Malaysia	6.5	7.8	6.8	6.4	6.4	9.6	6.2	7.6
69 Algeria	4.4	6.2	-1.6	-8.7	10.5	16.4	2.3	-4.6
70 Turkey	6.0	7.2	2.8	4.9	7.8	9.5	6.9	10.6
71 Costa Rica	6.5	6.5	5.7	3.8	9.3	8.0	6.0	7.1
72 Chile	4.2	-1.2	2.6	0.5	5.0	-2.2	4.3	-1.3
73 China, Rep. of	9.2	7.8	3.4	1.5	16.4	14.1	7.1	5.5
74 Jamaica	4.5	0.5	1.4	1.3	5.3	-3.0	3.1	-1.5
75 Lebanon	4.9	8.6	6.3	..	4.5	..	4.6	..
76 Mexico	7.3	5.5	3.9	1.4	9.3	6.6	6.9	4.3
77 Brazil	8.0	10.6	1.9	5.5	9.7	11.6	8.4	13.1
78 Panama	7.8	5.2	5.7	..	10.1	..	7.2	..
79 Iraq	6.1	9.5	5.7	-2.0	4.7	10.0	6.9	10.4
80 Uruguay	1.2	0.7	1.9	-0.7	1.1	1.7	-0.2	3.9
81 Romania	8.4	11.2	..	8.9	..	12.3	..	10.6
82 Argentina	4.2	3.2	2.3	2.4	6.0	3.4	3.2	3.4
83 Yugoslavia	6.8	6.3	3.3	3.4	6.3	6.5	8.7	12.7
84 Portugal	6.3	5.2	1.4	1.5	8.8	6.8	6.2	12.8
85 Iran	11.3	8.9	8.1	5.8	21.4	5.6	9.7	20.5
86 Hong Kong	10.0	7.5	-3.4	-5.1	8.2	7.1	12.4	8.6
87 Trinidad and Tobago	3.4	3.5	3.5	..	0.5	..	5.7	..
88 Venezuela	5.9	5.3	5.7	3.1	4.5	2.4	4.1	6.7
89 Greece	6.9	5.2	4.6	2.7	9.4	6.3	7.2	5.9
90 Singapore	8.8	8.9	5.0	0.3	12.6	9.1	7.4	8.6
91 Spain	7.3	5.4	2.5	2.6	9.4	6.3	8.2	9.3
92 Israel	8.5	5.4	5.0	6.6	15.6	5.3	1.5	4.5
Industrialized Countries	4.7	3.2	1.5	1.8	5.7	3.2	4.7	3.5
93 South Africa	..	..	..	..	..	..	..	..
94 Ireland	4.2	2.8	0.8	2.0	6.1	4.0	3.2	2.9
95 Italy	5.3	2.9	2.8	1.6	6.3	2.3	8.5	3.4
96 United Kingdom	2.9	2.3	2.3	1.6	3.2	0.5	1.1	1.5
97 New Zealand	3.9	2.0	..	..	..	..	..	..
98 Japan	10.5	5.6	4.0	2.5	10.9	4.8	11.7	5.3
99 Austria	4.5	4.3	1.2	2.7	5.1	3.9	4.3	3.7
100 Finland	4.6	4.6	0.6	2.5	5.5	3.8	4.7	5.0
101 Australia	5.4	3.5	2.7	-2.1	6.5	1.0	5.9	5.4
102 Netherlands	5.3	3.4	5.2	4.9	5.8	3.3	4.6	3.3
103 France	5.4	3.9	1.6	0.3	6.6	3.1	5.5	3.6
104 Belgium	4.7	4.0	-0.5	-0.4	5.5	3.3	4.6	3.8
105 Germany, Fed. Rep.	4.6	2.2	1.5	2.0	5.3	0.2	4.1	2.0
106 Norway	4.9	4.5	0.3	2.0	5.0	5.4	5.5	4.2
107 Denmark	4.7	2.2	0.5	1.4	5.7	1.2	4.9	3.1
108 Canada	5.6	4.8	1.5	0.4	6.2	4.7	5.6	4.7
109 United States	4.3	2.5	0.3	2.0	4.9	0.9	4.2	3.2
110 Sweden	4.4	2.6	2.5	-0.2	5.6	2.4	4.2	2.7
111 Switzerland	4.0	1.3	..	..	..	..	..	..
Capital Surplus								
Oil Exporters								
112 Saudi Arabia	9.9	14.4	..	3.6	..	16.5	..	10.4
113 Libya	23.3	3.8	2.2	23.5	31.3	-7.4	10.9	20.3
114 Kuwait	..	..	..	..	..	..	..	..
Centrally Planned Economies	4.3	3.9	..	..	..	..	..	..
115 China, People's Rep.	6.2	6.6	..	..	..	..	..	..
116 Korea, Dem. Rep.	7.9	3.4	..	..	..	..	..	..
117 Albania	7.3	6.1	..	..	..	..	..	..
118 Cuba	1.1	3.4	..	..	..	..	..	..
119 Mongolia	2.8	4.6	..	..	..	..	..	..
120 Hungary	3.8	3.2	..	..	..	..	..	..
121 Bulgaria	5.9	4.7	..	..	..	..	..	..
122 USSR	5.2	3.9	..	..	..	..	..	..
123 Poland	4.3	6.5	..	..	..	..	..	..
124 Czechoslovakia	3.1	3.2	..	..	..	..	..	..
125 German Dem. Rep.	3.1	3.4	..	..	..	..	..	..

Table 3: Structure of Production

	Distribution of Gross Domestic Product (percent)					
	Agriculture		Industry		Services	
	1960	1976	1960	1976	1960	1976
Low Income Countries	52	45	12	19	35	39
1 Bhutan	..	..	..	..	..	..
2 Cambodia	51	..	17	..	32	..
3 Lao PDR	..	..	..	..	..	..
4 Ethiopia	65	50	12	15	23	35
5 Mali	55	38	10	17	35	45
6 Bangladesh	61	59	8	8	31	33
7 Rwanda	81	52	7	22	12	26
8 Somalia	45	31	17	8	38	61
9 Upper Volta	55	34	13	19	32	47
10 Burma	33	47	12	11	55	42
11 Burundi	..	64	..	15	..	21
12 Chad	55	52	12	14	33	34
13 Nepal	..	65	..	10	..	25
14 Benin	..	39	..	20	..	41
15 Malawi	58	45	11	22	31	33
16 Zaire	30	16	27	30	43	54
17 Guinea	..	43	..	33	..	24
18 India	50	47	20	23	30	30
19 Viet Nam	..	..	..	..	..	..
20 Afghanistan	..	55	..	14	..	31
21 Niger	66	47	10	24	24	29
22 Lesotho	73	38	..	8	..	54
23 Mozambique	55	45	9	15	36	40
24 Pakistan	46	32	16	24	38	44
25 Tanzania	57	45	11	16	32	39
26 Haiti	50	45	14	19	36	36
27 Madagascar	37	29	10	20	53	51
28 Sierra Leone	..	32	..	23	..	45
29 Sri Lanka	38	37	16	21	46	42
30 Central African Emp.	45	37	12	23	43	40
31 Indonesia	45	29	17	34	38	37
32 Kenya	38	30	18	23	44	47
33 Uganda	52	55	13	8	35	37
34 Yemen Arab Rep.	..	..	..	..	..	..
Middle Income Countries	26	21	23	32	46	45
35 Togo	55	25	16	21	29	54
36 Egypt	30	29	24	30	46	41
37 Yemen, PDR	..	23	..	16	..	61
38 Cameroon	48	33	10	20	42	47
39 Sudan	58	41	15	16	27	43
40 Angola	50	29	8	27	42	44
41 Mauritania	57	35	21	37	22	28
42 Nigeria	63	23	11	50	26	27
43 Thailand	40	30	19	25	41	45
44 Bolivia	30	28	28	32	42	40
45 Honduras	37	29	19	28	44	43
46 Senegal	30	28	20	24	50	48
47 Philippines	26	29	28	34	46	37
48 Zambia	11	14	63	41	26	45
49 Liberia	40	29	37	37	23	34
50 El Salvador	32	26	19	21	49	53
51 Papua New Guinea	..	28	..	..	..	..
52 Congo, People's Rep.	16	15	18	43	66	42
53 Morocco	29	21	24	31	47	48
54 Rhodesia	18	16	35	40	47	44
55 Ghana	41	49	19	25	40	26
56 Ivory Coast	43	25	14	20	43	55
57 Jordan	16	14	14	28	70	58
58 Colombia	34	27	26	30	40	43
59 Guatemala	..	..	..	..	..	..
60 Ecuador	33	22	19	26	48	52
61 Paraguay	36	35	20	22	44	43
62 Korea, Rep. of	40	27	19	34	41	39
63 Nicaragua	24	23	21	28	55	49
64 Dominican Rep.	27	21	23	32	50	47
65 Syrian Arab Rep.	25	17	21	36	54	47

Distribution of Gross Domestic Product (percent)

	Agriculture		Industry		Services	
	1960	1976	1960	1976	1960	1976
66 Peru	26	16	29	31	45	53
67 Tunisia	24	21	18	30	58	49
68 Malaysia	40	29	18	30	42	41
69 Algeria	21	7	24	57	55	36
70 Turkey	41	29	21	28	38	43
71 Costa Rica	29	21	19	26	52	53
72 Chile	11	10	38	39	51	51
73 China, Rep. of	28	12	29	45	43	43
74 Jamaica	10	8	38	40	52	52
75 Lebanon	12	..	20	..	68	..
76 Mexico	16	10	29	35	55	55
77 Brazil	16	8	35	39	49	53
78 Panama	23	..	21	..	56	..
79 Iraq	17	8	52	66	31	26
80 Uruguay	19	15	28	32	53	53
81 Romania	..	13	..	63	..	24
82 Argentina	17	15	38	41	45	44
83 Yugoslavia	24	15	45	43	31	42
84 Portugal	25	18	38	43	37	39
85 Iran	29	9	33	59	38	32
86 Hong Kong	4	2	34	34	62	64
87 Trinidad and Tobago	8	..	51	..	41	..
88 Venezuela	6	6	22	48	72	46
89 Greece	23	18	26	31	51	51
90 Singapore	4	2	18	35	78	63
91 Spain	21	9	39	39	40	52
92 Israel	11	8	32	43	57	49
Industrialized Countries	9	6	41	41	47	52
93 South Africa	12	9	42	23	46	68
94 Ireland	25	16	30	37	45	47
95 Italy	15	8	38	41	47	51
96 United Kingdom	4	4	48	58	48	38
97 New Zealand	..	..	..	..	..	..
98 Japan	15	5	45	43	40	52
99 Austria	11	9	49	50	40	41
100 Finland	20	10	40	44	40	46
101 Australia	14	7	41	39	45	54
102 Netherlands	8	7	45	44	47	49
103 France	9	6	48	43	43	51
104 Belgium	7	3	41	42	52	55
105 Germany, Fed. Rep.	6	3	54	52	40	45
106 Norway	9	6	36	37	55	57
107 Denmark	14	7	39	36	47	57
108 Canada	6	4	34	40	60	56
109 United States	4	3	38	32	58	65
110 Sweden	7	4	38	38	55	58
111 Switzerland	..	..	..	..	..	..
Capital Surplus Oil Exporters	..	..	..	..	..	..
112 Saudi Arabia	..	1	..	86	..	13
113 Libya	14	3	9	68	77	29
114 Kuwait	..	..	..	..	..	..
Centrally Planned Economies	..	..	..	..	..	..
115 China, People's Rep.	..	..	..	..	..	..
116 Korea, Dem. Rep.	..	..	..	..	..	..
117 Albania	..	..	..	..	..	..
118 Cuba	..	..	..	..	..	..
119 Mongolia	..	..	..	..	..	..
120 Hungary	..	..	..	..	..	..
121 Bulgaria	..	..	..	..	..	..
122 USSR	..	..	..	..	..	..
123 Poland	..	..	..	..	..	..
124 Czechoslovakia	..	..	..	..	..	..
125 German Dem. Rep.	..	..	..	..	..	..

Table 4: Growth of Selected Demand Aggregates

	Average Annual Growth Rates (percent)					
	Public Consumption		Private Consumption		Gross Domestic Investment	
	1960-70	1970-76	1960-70	1970-76	1960-70	1970-76
Low Income Countries	4.6	2.4	3.6	2.5	5.7	3.1
1 Bhutan	..	..	..	..	..	..
2 Cambodia	2.6	..	3.2	..	0.3	..
3 Lao PDR	..	..	..	..	..	..
4 Ethiopia	4.7	3.4	4.7	3.4	5.7	-0.7
5 Mali	6.2	..	2.8	..	3.5	..
6 Bangladesh	a	a	3.4	1.7	11.1	-7.8
7 Rwanda	1.1	..	4.2	..	3.5	..
8 Somalia	3.7	16.5	-0.5	-1.1	4.3	15.5
9 Upper Volta	..	3.7	..	4.5	..	4.7
10 Burma	a	a	2.8	3.1	3.6	-0.9
11 Burundi	19.2	2.4	3.1	1.7	6.0	8.0
12 Chad	4.4	0.6	-0.7	2.5	2.3	3.1
13 Nepal	..	..	..	..	..	..
14 Benin	1.7	-2.4	4.9	0.7	4.2	4.4
15 Malawi	6.1	-0.9	4.8	8.0	12.8	9.7
16 Zaire	8.4	1.6	3.7	1.0	9.6	7.8
17 Guinea	..	..	..	..	..	..
18 India	-1.0	0.7	3.6	1.9	5.7	4.6
19 Viet Nam	..	..	..	..	..	..
20 Afghanistan	a	9.9	2.2	2.2	-1.0	5.6
21 Niger	1.9	10.0	3.5	1.7	3.0	-0.2
22 Lesotho	0.1	4.0	5.3	8.3	18.0	8.2
23 Mozambique	6.8	-6.5	4.6	-3.3	8.3	-3.4
24 Pakistan	7.3	3.4	7.1	4.2	6.9	-4.2
25 Tanzania	8.2	a	4.7	5.7	9.8	2.9
26 Haiti	..	-3.9	..	4.2	..	12.5
27 Madagascar	..	-3.4	..	-5.0	5.4	-2.4
28 Sierra Leone	..	..	..	..	..	-5.4
29 Sri Lanka	a	a	3.5	2.5	6.6	-0.3
30 Central African Emp.	2.5	..	1.9	..	1.8	4.0
31 Indonesia	1.5	13.4	3.5	6.8	3.2	17.9
32 Kenya	10.0	4.4	4.9	5.2	7.0	-1.7
33 Uganda	5.9	0.5	5.6	0.3	9.8	-11.5
34 Yemen Arab Rep.	..	..	..	..	..	..
Middle Income Countries	6.7	7.2	5.1	5.4	7.4	8.9
35 Togo	6.7	14.9	7.6	1.7	11.1	13.6
36 Egypt	10.3	3.3	4.2	3.9	3.1	23.6
37 Yemen, PDR	..	..	..	..	..	37.5
38 Cameroon	8.9	4.0	3.4	1.4	8.4	4.5
39 Sudan	12.1	-6.1	-0.8	6.8	-1.3	12.5
40 Angola	9.1	6.4	4.0	0.1	9.7	-4.3
41 Mauritania	1.0	..	6.0	..	-2.1	..
42 Nigeria	10.0	24.4	0.9	1.6	6.5	19.0
43 Thailand	9.6	7.0	7.0	6.5	15.4	6.6
44 Bolivia	8.9	10.4	3.7	6.0	9.6	8.0
45 Honduras	4.6	6.1	4.6	3.3	11.0	2.4
46 Senegal	4.6	-1.4	2.4	1.2	-1.0	3.4
47 Philippines	5.0	10.5	4.8	4.5	8.2	12.2
48 Zambia	8.0	5.9	5.8	0.6	10.6	-8.5
49 Liberia	5.6	1.5	0.4	3.6	-4.5	16.2
50 El Salvador	5.7	..	6.1	..	3.7	..
51 Papua New Guinea	6.5	0.2	6.9	-0.9	20.3	-18.0
52 Congo, People's Rep.	7.3	..	2.3	..	3.2	..
53 Morocco	4.4	8.2	3.7	3.1	9.1	18.2
54 Rhodesia	..	..	..	..	..	..
55 Ghana	6.1	-0.6	2.0	3.5	-3.2	-0.3
56 Ivory Coast	11.8	8.6	7.5	5.0	12.7	9.0
57 Jordan	8.9	3.1	5.4	3.5	9.9	5.8
58 Colombia	5.5	3.9	5.1	8.1	4.5	0.4
59 Guatemala	4.7	4.4	4.7	5.0	7.9	8.8
60 Ecuador	..	7.1	..	9.6	..	10.4
61 Paraguay	6.9	2.3	4.5	6.0	5.8	20.1
62 Korea, Rep. of	5.9	8.5	7.3	7.0	23.1	11.6
63 Nicaragua	3.6	12.8	6.8	4.8	10.7	6.8
64 Dominican Rep.	1.9	4.2	6.1	7.0	11.4	18.2
65 Syrian Arab Rep.	..	14.1	..	7.5	..	13.5

Average Annual Growth Rates (percent)

	Public Consumption		Private Consumption		Gross Domestic Investment	
	1960-70	1970-76	1960-70	1970-76	1960-70	1970-76
66 Peru	8.8	6.3	6.7	7.3	2.4	11.5
67 Tunisia	5.5	7.8	3.0	9.6	4.5	13.5
68 Malaysia	7.4	9.8	4.1	5.9	7.5	7.8
69 Algeria	2.4	8.4	3.9	8.0	2.6	18.1
70 Turkey	8.2	8.8	5.1	7.3	10.2	12.0
71 Costa Rica	7.2	8.4	6.1	4.1	7.1	7.0
72 Chile	..	..	..	..	4.2	-8.0
73 China, Rep. of	4.5	3.7	8.3	7.1	16.2	10.4
74 Jamaica	8.6	10.8	3.1	0.6	7.8	-4.0
75 Lebanon	5.9	..	4.4	..	6.2	..
76 Mexico	8.8	11.3	6.7	4.4	9.8	10.3
77 Brazil	3.6	9.8	5.1	10.3	6.2	16.3
78 Panama	7.8	7.2	6.7	3.4	12.4	4.2
79 Iraq	8.1	..	4.9	..	3.0	36.8
80 Uruguay	4.4	0.2	0.7	-0.1	-1.8	-0.8
81 Romania	..	..	..	..	..	10.8
82 Argentina	1.0	3.7	4.1	5.3	4.1	2.5
83 Yugoslavia	0.6	4.4	9.7	8.8	4.7	5.6
84 Portugal	7.7	9.1	6.6	6.2	6.2	-2.6
85 Iran	16.0	21.3	7.4	15.5	12.2	24.8
86 Hong Kong	8.7	8.2	8.9	6.9	7.4	10.0
87 Trinidad and Tobago	6.2	..	4.4	..	-2.8	..
88 Venezuela	6.3	8.6	4.9	7.6	7.3	9.8
89 Greece	6.6	8.0	7.1	5.4	10.4	1.4
90 Singapore	12.6	6.4	5.5	7.4	20.5	8.8
91 Spain	5.5	6.3	7.0	5.4	10.5	6.0
92 Israel	14.7	7.2	7.2	6.2	5.7	8.6
Industrialized Countries	4.8	3.6	4.3	3.4	5.7	0.7
93 South Africa	7.0	..	..	..	9.3	6.1
94 Ireland	3.9	5.9	3.7	2.3	8.8	-1.3
95 Italy	3.9	2.8	5.8	2.7	3.8	-1.1
96 United Kingdom	2.2	3.6	2.3	1.9	5.0	0.5
97 New Zealand	..	..	..	..	..	..
98 Japan	6.0	6.3	9.1	6.0	14.0	2.4
99 Austria	3.1	3.6	4.3	4.7	5.6	3.3
100 Finland	5.7	5.4	4.3	4.7	4.2	0.7
101 Australia	6.9	6.0	5.0	4.3	6.5	0.7
102 Netherlands	3.1	2.0	6.1	3.4	6.8	-2.4
103 France	3.5	3.2	5.6	4.6	6.9	1.4
104 Belgium	5.7	5.4	3.8	4.2	6.0	1.8
105 Germany, Fed. Rep.	3.8	4.4	4.6	2.8	4.7	-1.7
106 Norway	6.4	4.2	4.1	4.1	5.1	7.4
107 Denmark	6.3	2.2	4.3	2.7	6.1	-0.5
108 Canada	6.2	4.1	4.9	6.1	5.8	6.1
109 United States	4.1	1.2	4.4	3.1	4.8	-0.3
110 Sweden	5.4	3.2	3.8	2.7	5.0	0.6
111 Switzerland	4.2	2.8	4.3	1.5	3.0	-4.3
Capital Surplus Oil Exporters	..	..	..	15.2	..	31.7
112 Saudi Arabia	..	^a	..	15.2	..	33.6
113 Libya	..	29.4	..	20.4	15.4	31.7
114 Kuwait	..	8.9	..	5.9	9.2	8.1
Centrally Planned Economies	..	..	..	..	..	..
115 China, People's Rep.	..	..	..	..	..	..
116 Korea, Dem. Rep.	..	..	..	..	..	..
117 Albania	..	..	..	..	..	..
118 Cuba	..	..	..	..	..	..
119 Mongolia	..	..	..	..	..	..
120 Hungary	..	..	..	..	..	..
121 Bulgaria	..	..	..	..	..	..
122 USSR	..	..	..	..	..	..
123 Poland	..	..	..	..	..	..
124 Czechoslovakia	..	..	..	..	..	..
125 German Dem. Rep.	..	..	..	..	..	..

^a Separate figures are not available for public consumption, which is therefore included in private consumption.

Table 5: Structure of Demand

	Distribution of Gross Domestic Product (percent)									
	Public Consumption		Private Consumption		Gross Domestic Investment		Gross Domestic Savings		Resource Balance	
	1960	1976	1960	1976	1960	1976	1960	1976	1960	1976
Low Income Countries	13	13	79	81	12	15	9	8	-3	-4
1 Bhutan	..	..	..	..	..	..	..	..	..	..
2 Cambodia	19	..	69	..	20	..	12	..	-8	..
3 Lao PDR	..	..	..	..	..	..	..	..	..	..
4 Ethiopia	8	14	81	77	12	10	11	9	-1	-1
5 Mali	12	18	79	82	14	19	10	(.)	-4	-19
6 Bangladesh	6	a	86	101	7	6	8	-1	1	-7
7 Rwanda	10	..	82	..	6	..	8	..	2	..
8 Somalia	20	43	73	53	15	34	8	4	-7	-30
9 Upper Volta	17	23	87	90	10	16	-3	-13	-13	-29
10 Burma	a	a	89	91	12	11	11	9	-1	-2
11 Burundi	3	13	92	80	6	11	5	7	-1	-4
12 Chad	13	a	82	103	11	15	5	-3	-6	-18
13 Nepal	3	a	94	97	8	9	3	3	-5	-6
14 Benin	16	10	75	86	15	20	8	4	-7	-16
15 Malawi	16	11	88	78	10	27	-4	11	-14	-16
16 Zaire	18	25	62	62	12	34	21	13	9	-21
17 Guinea	14	18	79	71	5	12	7	11	2	-1
18 India	7	11	79	70	17	19	14	19	-3	(.)
19 Viet Nam	..	..	..	..	..	..	..	..	..	..
20 Afghanistan	a	6	87	86	16	10	13	8	-3	-2
21 Niger	13	20	79	75	8	16	9	5	1	-11
22 Lesotho	..	..	..	..	..	..	..	..	..	..
23 Mozambique	11	12	81	80	9	9	8	8	-1	-1
24 Pakistan	11	11	84	81	12	17	5	8	-7	-9
25 Tanzania	9	a	72	81	14	21	19	19	5	-2
26 Haiti	a	7	94	86	8	11	6	7	-2	-4
27 Madagascar	20	a	75	86	11	13	5	14	-6	1
28 Sierra Leone	..	15	..	79	..	15	..	6	..	-9
29 Sri Lanka	14	12	75	75	15	15	12	13	-3	-2
30 Central African Emp.	19	a	68	91	18	22	13	9	-5	-13
31 Indonesia	11	9	76	66	11	23	13	25	2	2
32 Kenya	11	17	72	63	19	19	17	20	-2	1
33 Uganda	9	a	75	92	11	6	16	8	5	2
34 Yemen Arab Rep.	..	..	..	..	..	..	..	..	..	..
Middle Income Countries	11	14	75	70	17	24	14	20	-2	-4
35 Togo	8	15	88	74	11	27	4	11	-7	-16
36 Egypt	17	23	71	65	13	24	12	12	-1	-12
37 Yemen, PDR	..	25	..	96	..	24	..	-21	..	-45
38 Cameroon	14	15	72	71	11	17	14	14	3	-3
39 Sudan	6	14	85	78	9	18	9	8	(.)	-10
40 Angola	9	16	77	57	12	8	14	27	2	15
41 Mauritania	23	35	80	54	36	42	-3	11	-39	-31
42 Nigeria	6	17	87	46	13	33	8	37	-5	4
43 Thailand	10	11	73	68	16	26	14	22	-2	-4
44 Bolivia	9	17	85	68	15	20	7	15	-8	-5
45 Honduras	11	14	77	73	14	19	12	13	-2	-6
46 Senegal	13	14	73	77	15	15	14	9	-1	-6
47 Philippines	8	10	76	65	16	31	16	25	(.)	-6
48 Zambia	11	23	50	59	24	16	39	18	15	2
49 Liberia	7	12	65	57	21	28	28	32	7	4
50 El Salvador	10	11	79	69	16	19	11	20	-5	1
51 Papua New Guinea	28	32	70	54	14	20	2	14	-12	-6
52 Congo, People's Rep.	16	28	84	57	45	33	(.)	15	-45	18
53 Morocco	13	17	75	76	11	29	12	7	1	-22
54 Rhodesia	11	12	66	67	23	23	23	20	(.)	-3
55 Ghana	10	12	73	80	24	9	17	8	-7	-1
56 Ivory Coast	4	7	79	71	15	23	17	22	2	-1
57 Jordan	28	33	90	79	17	31	-18	-12	-35	-43
58 Colombia	6	a	73	80	20	18	21	20	1	2
59 Guatemala	8	7	84	78	10	20	8	15	-2	-5
60 Ecuador	10	10	74	65	14	23	15	25	1	2
61 Paraguay	8	6	76	74	16	25	16	20	(.)	-5
62 Korea, Rep. of	15	13	84	65	11	25	2	24	-9	-1
63 Nicaragua	9	9	79	72	15	19	12	19	-3	(.)
64 Dominican Rep.	13	7	68	71	12	23	19	22	7	-1
65 Syrian Arab Rep.	..	25	..	65	..	30	..	10	..	-20

Distribution of Gross Domestic Product (percent)

	Public Consumption		Private Consumption		Gross Domestic Investment		Gross Domestic Savings		Resource Balance	
	1960	1976	1960	1976	1960	1976	1960	1976	1960	1976
66 Peru	8	13	68	77	21	16	24	10	3	-6
67 Tunisia	17	14	76	60	17	31	8	26	-9	-5
68 Malaysia	11	15	62	53	14	22	27	32	13	10
69 Algeria	20	14	65	41	35	50	15	45	-20	-5
70 Turkey	11	a	76	84	16	22	14	16	-2	-6
71 Costa Rica	10	17	76	70	18	22	14	13	-4	-9
72 Chile	11	14	75	71	17	11	14	15	-3	4
73 China, Rep. of	19	17	68	53	20	28	13	30	-7	2
74 Jamaica	7	21	69	70	28	17	24	9	-4	-8
75 Lebanon	10	..	85	..	16	..	5	..	-11	..
76 Mexico	6	11	76	65	20	26	18	24	-2	-2
77 Brazil	12	a	67	77	22	26	21	23	-1	-3
78 Panama	11	13	78	65	16	28	11	23	-5	-5
79 Iraq	18	..	48	..	20	..	34	..	14	..
80 Uruguay	9	12	79	75	18	12	12	13	-6	1
81 Romania	..	a	..	..	..	29	..	29	..	(.)
82 Argentina	9	a	71	76	21	22	20	25	-1	3
83 Yugoslavia	19	a	49	74	36	30	32	26	-4	-4
84 Portugal	11	17	77	85	19	10	12	-2	-7	-12
85 Iran	10	19	69	39	17	30	21	42	4	12
86 Hong Kong	7	7	92	68	19	24	1	25	-18	1
87 Trinidad and Tobago	11	..	51	..	36	..	38	..	2	..
88 Venezuela	14	15	53	48	20	32	33	37	13	5
89 Greece	12	15	77	70	19	25	11	15	-8	-10
90 Singapore	8	11	89	60	11	41	-3	29	-14	-12
91 Spain	7	10	70	70	21	24	23	20	2	-4
92 Israel	18	42	68	62	27	28	14	-6	-13	-34
Industrialized Countries	13	16	63	58	24	23	25	24	-1	1
93 South Africa	9	..	64	..	22	..	27	..	5	..
94 Ireland	12	17	77	70	16	21	11	15	-5	-6
95 Italy	12	13	64	65	24	18	24	23	(.)	5
96 United Kingdom	17	19	66	60	18	17	17	19	-1	2
97 New Zealand	13	..	65	..	24	..	22	..	-2	..
98 Japan	9	9	57	57	34	33	34	38	(.)	5
99 Austria	13	14	59	56	28	27	28	27	(.)	(.)
100 Finland	13	18	58	51	30	23	29	27	-1	3
101 Australia	10	15	65	58	26	23	25	22	-1	-1
102 Netherlands	13	15	57	58	27	20	30	27	3	7
103 France	13	13	61	62	24	23	26	24	2	1
104 Belgium	13	16	69	62	19	21	18	22	-1	1
105 Germany, Fed. Rep.	14	18	57	55	27	24	29	26	2	2
106 Norway	14	15	58	54	30	35	28	31	-2	-4
107 Denmark	12	20	66	59	23	21	22	20	-1	-1
108 Canada	14	18	65	58	23	23	22	24	-1	1
109 United States	18	17	63	64	18	16	19	18	1	2
110 Sweden	16	23	60	54	25	20	24	23	-1	3
111 Switzerland	10	12	63	63	26	25	27	24	1	-1
Capital Surplus Oil Exporters	..	16	..	18	..	9	..	66	..	58
112 Saudi Arabia	..	12	..	11	12	9	..	77	..	68
113 Libya	..	32	..	32	..	30	..	36	..	6
114 Kuwait	16	16	23	18	10	8	61	66	51	58
Centrally Planned Economies	..	..	..	..	..	..	..	..	..	..
115 China, People's Rep.	..	..	..	..	..	..	..	..	..	..
116 Korea, Dem. Rep.	..	..	..	..	..	..	..	..	..	..
117 Albania	..	..	..	..	..	..	..	..	..	..
118 Cuba	..	..	..	..	..	..	..	..	..	..
119 Mongolia	..	..	..	..	..	..	..	..	..	..
120 Hungary	..	..	..	..	..	..	..	..	..	..
121 Bulgaria	..	..	..	..	..	..	..	..	..	..
122 USSR	..	..	..	..	..	..	..	..	..	..
123 Poland	..	..	..	..	..	..	..	..	..	..
124 Czechoslovakia	..	..	..	..	..	..	..	..	..	..
125 German Dem. Rep.	..	..	..	..	..	..	..	..	..	..

^a Separate figures are not available for public consumption, which is therefore included in private consumption.

Table 6: Growth of Merchandise Trade

	Merchandise Trade (million US dollars)		Average Annual Growth Rates ^a (percent)				Terms of Trade 1970 = 100	
	Exports	Imports	Exports		Imports		1960	1976
	1976	1976	1960-70	1970-76	1960-70	1970-76		
Low Income Countries			3.6	-0.4	4.6	-1.4		
1 Bhutan	..	..				
2 Cambodia	30	100	-3.3	-2.8	-3.0	-1.5	102	178
3 Lao PDR	6	46	..	..	..	..	..	..
4 Ethiopia	278	353	3.4	3.5	6.4	-3.1	91	87
5 Mali	97	150	3.6	0.8	-0.3	12.0	100	109
6 Bangladesh	414	764	3.8	-11.0	7.0	-11.9	97	72
7 Rwanda	81	103	15.2	5.7	19.3	11.0	84	116
8 Somalia	85	..	2.5	14.5	2.8	3.2	112	83
9 Upper Volta	53	144	16.4	13.9	7.7	12.3	87	103
10 Burma	187	117	-11.1	-3.5	-5.6	-20.0	104	81
11 Burundi	55	58	..	..	..	..	..	..
12 Chad	63	116	6.6	-11.9	5.1	-1.3	117	148
13 Nepal	98	163	..	13.2	..	13.6	..	..
14 Benin	51	223	5.0	1.9	7.5	5.5	87	97
15 Malawi	148	205	9.1	3.8	8.8	3.6	99	110
16 Zaire	930	827	-0.4	-1.2	4.2	-6.4	70	56
17 Guinea	202	123	..	..	..	..	..	..
18 India	5,424	5,515	1.6	5.0	-0.9	1.4	77	73
19 Viet Nam	..	..	..	..	..	..	..	..
20 Afghanistan	210	298	2.4	3.3	-1.2	7.1	103	128
21 Niger	86	173	6.8	4.6	12.0	-1.7	95	97
22 Lesotho	15.0	80.0	..	..	..	..	..	..
23 Mozambique	303	334	5.3	-10.1	7.9	-11.8	96	103
24 Pakistan	1,144	2,134	8.7	-4.4	4.3	3.4	102	111
25 Tanzania	459	570	3.5	-8.5	6.1	-0.8	97	114
26 Haiti	125	..	..	..	..	..	..	..
27 Madagascar	292	214	4.5	0.2	4.2	-7.6	108	101
28 Sierra Leone	112	156	0.3	-6.1	2.0	-5.7	89	81
29 Sri Lanka	527	548	0.5	-3.6	-0.2	-5.3	138	92
30 Central African Emp.	52	50	7.5	-1.2	4.6	-2.8	89	113
31 Indonesia	8,547	5,673	2.0	8.2	2.0	20.6	120	238
32 Kenya	656	941	5.8	-1.0	6.4	-4.5	99	102
33 Uganda	360	80	3.6	-11.4	6.3	-13.7	83	127
34 Yemen Arab Rep.	8	410	..	..	..	..	..	..
Middle Income Countries			5.2	3.8	6.6	6.3		
35 Togo	135	202	8.3	-4.3	8.6	2.6	88	154
36 Egypt	1,522	3,808	2.2	-6.6	-0.9	15.4	98	109
37 Yemen, PDR	288	254	..	..	..	..	..	..
38 Cameroon	511	609	5.8	0.6	9.3	2.6	91	118
39 Sudan	554	980	0.8	-9.0	1.1	7.8	22	125
40 Angola	535	317	7.7	-13.0	11.6	-17.1	77	169
41 Mauritania	178	180	55.3	3.3	4.6	13.3	111	74
42 Nigeria	10,567	8,199	4.6	3.2	1.9	21.1	96	322
43 Thailand	2,980	3,572	5.2	9.5	11.3	3.5	97	82
44 Bolivia	513	587	10.4	0.2	8.2	11.2	68	133
45 Honduras	392	453	10.3	-1.4	11.7	-2.0	91	86
46 Senegal	426	713	1.1	6.0	2.8	5.1	92	110
47 Philippines	2,433	3,950	2.9	3.4	7.2	4.6	108	69
48 Zambia	1,043	654	3.4	-1.5	9.9	-2.1	58	47
49 Liberia	476	399	18.3	4.0	3.0	-1.8	195	78
50 El Salvador	721	705	4.9	3.3	6.4	6.2	90	113
51 Papua New Guinea	573	430	..	..	..	..	..	..
52 Congo, People's Rep.	182	177	4.9	22.3	-0.9	4.4	97	124
53 Morocco	1,262	2,618	2.5	2.6	3.4	14.0	98	105
54 Rhodesia	..	..	..	..	..	..	..	87
55 Ghana	804	845	-1.4	-3.3	-1.4	1.1	101	101
56 Ivory Coast	1,620	1,296	6.9	6.7	9.9	7.9	81	107
57 Jordan	209	1,022	10.3	19.6	3.6	10.0	95	100
58 Colombia	1,694	1,572	2.3	0.5	2.5	-3.8	89	128
59 Guatemala	760	808	8.4	3.5	7.1	6.7	93	107
60 Ecuador	1,127	993	4.1	10.9	11.8	12.3	110	143
61 Paraguay	179	220	5.1	5.5	7.6	6.9	88	90
62 Korea, Rep. of	7,716	8,774	35.7	31.7	20.0	12.2	82	78
63 Nicaragua	542	532	9.8	5.2	10.5	4.5	91	101
64 Dominican Rep.	716	764	-2.5	4.0	10.0	6.9	75	118
65 Syrian Arab Rep.	1,065	1,986	3.7	10.5	4.2	17.6	103	154

	Merchandise Trade (million US dollars)		Average Annual Growth Rates ^a (percent)				Terms of Trade 1970 = 100	
	Exports	Imports	Exports		Imports		1960	1976
	1976	1976	1960-70	1970-76	1960-70	1970-76		
66 Peru	1,365	2,183	2.9	-5.3	3.8	7.4	68	80
67 Tunisia	789	1,529	3.7	2.1	2.4	13.8	101	152
68 Malaysia	5,707	4,245	8.9	4.3	5.6	6.5	115	87
69 Algeria	5,061	5,312	1.3	-2.3	-0.9	19.0	91	308
70 Turkey	1,960	4,993	5.5	1.9	1.6	13.6	..	82
71 Costa Rica	584	774	9.0	4.0	10.0	1.5	101	97
72 Chile	1,684	2,071	2.3	7.9	4.9	-4.0	63	43
73 China, Rep. of	8,156	1,609	23.7	16.2	17.9	12.6	..	..
74 Jamaica	633	913	5.6	-4.4	8.2	-3.6	98	106
75 Lebanon	800	810	14.2	6.2	5.2	-7.7	78	86
76 Mexico	3,298	6,030	3.2	2.9	6.8	5.5	87	91
77 Brazil	10,128	13,622	4.6	10.3	5.0	12.6	90	99
78 Panama	227	838	10.9	3.1	10.5	-3.7	81	72
79 Iraq	8,835	3,461	3.7	6.3	1.5	30.2	98	451
80 Uruguay	536	599	2.5	-0.1	-2.8	-1.6	102	82
81 Romania	6,138	6,095	..	..	..	..	..	..
82 Argentina	3,916	3,033	3.3	1.6	0.4	-1.1	100	96
83 Yugoslavia	4,878	7,367	8.1	5.8	9.0	4.7	96	93
84 Portugal	1,820	4,317	10.7	4.7	9.6	3.8	83	95
85 Iran	23,380	12,894	9.8	5.0	11.3	28.3	94	406
86 Hong Kong	8,526	8,882	12.7	8.6	9.2	9.3	..	105
87 Trinidad and Tobago	2,213	1,976	2.2	-0.3	3.2	-4.9	92	111
88 Venezuela	9,149	6,023	-0.6	-10.0	4.4	12.5	85	323
89 Greece	2,543	6,013	10.7	12.3	10.0	2.9	92	83
90 Singapore	6,585	9,070	4.2	14.1	5.9	13.9	..	102
91 Spain	8,727	17,463	9.8	11.3	16.3	6.4	93	69
92 Israel	2,310	4,052	10.9	9.0	8.8	5.4	91	88
Industrialized Countries			7.6	7.8	8.6	9.5		
93 South Africa	4,776	6,751	5.2	3.7	8.0	-0.8	100	88
94 Ireland	3,313	4,192	5.4	3.4	6.3	0.8	94	106
95 Italy	36,969	43,428	13.4	2.7	9.7	-1.1	104	77
96 United Kingdom	46,271	55,986	3.0	0.6	3.2	-1.9	95	83
97 New Zealand	2,795	3,254	2.7	1.2	0.6	4.7	115	90
98 Japan	67,225	64,799	17.2	14.3	13.8	9.5	102	71
99 Austria	8,507	11,523	9.9	15.8	9.8	15.6	100	95
100 Finland	6,342	7,393	3.7	4.0	3.7	6.0	98	101
101 Australia	12,868	11,084	7.2	7.8	6.3	5.4	116	86
102 Netherlands	40,167	39,574	10.2	14.6	10.1	10.0	100	91
103 France	55,817	64,404	7.6	11.7	10.3	11.4	93	95
104 Belgium	32,847	35,368	10.7	11.7	10.5	12.1	110	93
105 Germany, Fed. Rep.	102,032	87,782	12.6	15.1	11.0	13.6	90	101
106 Norway	7,917	11,109	10.4	13.3	9.1	11.8	91	102
107 Denmark	9,113	12,419	6.2	9.7	6.8	11.9	108	94
108 Canada	38,128	37,910	9.2	3.8	8.6	9.7	98	111
109 United States	113,323	128,872	5.7	5.6	9.7	5.2	93	82
110 Sweden	18,440	19,334	7.8	7.3	7.1	8.2	109	102
111 Switzerland	14,845	14,774	7.0	15.3	7.2	11.5	91	108
Capital Surplus Oil Exporters			7.6	-9.1	11.1	28.3		
112 Saudi Arabia	36,119	11,579	7.6	11.8	11.1	45.5	97	432
113 Libya	8,438	3,950	60.1	-10.7	15.5	28.3	93	337
114 Kuwait	9,843	3,321	5.3	-9.1	10.6	17.6	99	462
Centrally Planned Economies			..	10.4	..	10.5		
115 China, People's Rep.	..	..	..	..	..	..	..	..
116 Korea, Dem. Rep.	..	..	..	..	..	..	..	..
117 Albania	..	..	..	..	..	..	..	..
118 Cuba	..	..	0.6	-0.8	5.4	2.4	81	116
119 Mongolia	..	..	..	..	..	..	..	..
120 Hungary	4,934	5,529	..	13.5	..	10.5	..	85
121 Bulgaria	5,382	5,626	..	10.4	..	12.6	..	..
122 USSR	37,169	38,108	..	7.9	..	11.3	..	..
123 Poland	11,017	13,867	..	14.7	..	19.4	..	104
124 Czechoslovakia	9,035	9,706	..	6.3	..	6.4	..	..
125 German Dem. Rep.	10,087	11,290	..	17.9	..	8.3	..	..

^a See Technical Notes.

Table 7: Structure of Merchandise Trade

	Percentage Shares of Merchandise Exports				Percentage Shares of Merchandise Imports					
	Primary Commodities		Manufactures		Food		Fuel		Other	
	1960	1975	1960	1975	1960 ^a	1975	1960 ^a	1975	1960 ^a	1975
Low Income Countries	99	94	1	8	17	21	7	10	76	68
1 Bhutan	..	..	..	..	..	..	..	..	..	..
2 Cambodia	100	..	0	..	10	..	7	..	83	..
3 Lao PDR	..	..	..	..	..	..	..	..	..	..
4 Ethiopia	100	98	0	2	2	5	10	17	88	78
5 Mali	97	92	3	8	20	..	5	..	75	..
6 Bangladesh	..	37	..	63	..	51	..	8	..	41
7 Rwanda	..	97	..	3	..	19	..	8	..	73
8 Somalia	88	97	12	3	24	..	4	..	72	..
9 Upper Volta	100	94	0	6	19	21	5	9	76	70
10 Burma	98	97	2	3	14	..	4	..	82	..
11 Burundi	..	..	..	..	..	..	..	..	..	..
12 Chad	97	100	3	..	19	..	12	..	69	..
13 Nepal	..	..	..	12	..	..	..	..	..	..
14 Benin	100	100	0	..	17	..	10	..	73	..
15 Malawi	..	94	..	5	..	..	..	..	..	..
16 Zaire	99	97	1	3	16	17	10	10	74	73
17 Guinea	100	99	0	1	10	..	8	..	82	..
18 India	56	55	44	45	21	26	6	23	73	51
19 Viet Nam	100	..	0	..	..	..	..	..	..	..
20 Afghanistan	86	85	14	15	14	..	7	..	79	..
21 Niger	100	91	0	9	24	22	5	13	71	65
22 Lesotho	..	..	..	..	..	..	..	..	..	..
23 Mozambique	100	96	0	4	13	..	5	..	82	..
24 Pakistan	78	45	22	55	22	24	10	18	68	58
25 Tanzania	..	88	..	12	12	20	9	11	79	69
26 Haiti	100	66	0	34	..	29	..	9	..	62
27 Madagascar	94	95	6	5	17	..	6	..	77	..
28 Sierra Leone	35	42	65	58	23	..	12	..	65	..
29 Sri Lanka	99	89	1	11	39	50	7	17	54	33
30 Central African Emp.	98	76	2	24	15	16	9	1	76	83
31 Indonesia	100	99	0	1	23	13	5	5	72	82
32 Kenya	88	87	12	13	12	6	11	28	77	66
33 Uganda	100	100	0	..	6	5	8	2	86	93
34 Yemen Arab Rep.	..	93	..	7	..	45	..	5	..	50
Middle Income Countries	95	82	5	17	16	14	8	14	77	71
35 Togo	97	94	3	6	16	14	6	7	78	79
36 Egypt	90	66	10	34	23	36	11	7	66	57
37 Yemen, PDR	..	..	..	..	18	..	46	..	36	..
38 Cameroon	96	89	4	11	20	11	8	10	72	79
39 Sudan	100	99	0	1	17	19	8	4	75	77
40 Angola	100	93	0	7	16	..	6	..	78	..
41 Mauritania	73	96	27	4	5	..	3	..	92	..
42 Nigeria	97	99	3	1	14	10	5	3	81	87
43 Thailand	98	77	2	23	10	4	11	22	79	74
44 Bolivia	99	97	1	3	..	..	..	..	..	..
45 Honduras	98	89	2	11	13	13	9	17	78	70
46 Senegal	97	78	3	22	30	18	5	29	65	53
47 Philippines	93	83	7	17	15	11	10	22	75	67
48 Zambia	..	99	..	1	..	8	..	14	..	78
49 Liberia	100	98	0	2	16	14	4	15	80	71
50 El Salvador	94	71	6	29	17	..	6	..	77	..
51 Papua New Guinea	92	..	8	..	30	..	6	..	64	..
52 Congo, People's Rep.	91	88	9	12	18	16	6	8	76	76
53 Morocco	92	87	8	13	27	30	8	11	65	59
54 Rhodesia	..	..	..	..	..	..	..	..	..	..
55 Ghana	90	98	10	2	19	14	5	17	76	69
56 Ivory Coast	99	88	1	12	18	15	6	14	76	71
57 Jordan	96	80	4	20	32	25	8	11	60	64
58 Colombia	98	79	2	21	8	9	3	1	89	90
59 Guatemala	97	75	3	25	12	..	10	..	78	..
60 Ecuador	99	97	1	3	13	..	3	..	84	..
61 Paraguay	100	90	0	10	15	..	11	..	74	..
62 Korea, Rep. of	86	18	14	82	10	14	7	19	83	67
63 Nicaragua	98	83	2	17	9	9	10	14	81	77
64 Dominican Rep.	98	83	2	17	5	..	10	..	85	..
65 Syrian Arab Rep.	81	91	19	9	24	21	8	7	68	72

	Percentage Shares of Merchandise Exports				Percentage Shares of Merchandise Imports					
	Primary Commodities		Manufactures		Food		Fuel		Other	
	1960	1975	1960	1975	1960 ^a	1975	1960 ^a	1975	1960 ^a	1975
66 Peru	99	95	1	5	11	..	3	..	86	..
67 Tunisia	90	80	10	20	20	19	9	10	71	71
68 Malaysia	94	82	6	18	..	18	..	12	..	70
69 Algeria	93	98	7	2	23	..	9	..	68	..
70 Turkey	75	64	25	36	7	7	11	18	82	75
71 Costa Rica	95	74	5	26	13	10	6	11	81	79
72 Chile	96	82	4	8	10	..	10	..	80	..
73 China, Rep. of	86	..	14	..	13	..	7	..	80	..
74 Jamaica	95	45	5	55	22	20	8	19	70	61
75 Lebanon	59	53	41	47	16	..	9	..	75	..
76 Mexico	88	48	12	52	4	..	2	..	94	..
77 Brazil	97	73	3	27	14	6	19	26	67	68
78 Panama	100	..	0	..	15	7	10	42	75	51
79 Iraq	100	100	0	(.)	18	18	1	(.)	81	82
80 Uruguay	83	70	17	30	8	..	18	..	74	..
81 Romania	78	59	22	41	..	..	..	..	..	..
82 Argentina	96	75	4	25	3	5	13	13	84	82
83 Yugoslavia	56	28	44	72	11	7	5	12	84	81
84 Portugal	45	29	55	71	15	23	10	15	75	62
85 Iran	97	99	3	1	13	16	1	(.)	86	84
86 Hong Kong	20	3	80	97	27	21	3	6	70	73
87 Trinidad and Tobago	96	94	4	6	16	10	34	51	50	39
88 Venezuela	100	99	0	1	18	12	1	1	81	87
89 Greece	91	52	9	48	11	10	8	22	81	68
90 Singapore	74	57	26	43	21	11	15	25	64	64
91 Spain	78	30	12	70	16	17	22	26	62	57
92 Israel	39	17	61	83	20	16	7	15	73	69
Industrialized Countries	48	24	52	76	17	11	10	17	73	73
93 South Africa	71	76	29	24	6	4	7	(.)	87	96
94 Ireland	72	54	28	46	18	14	12	14	70	72
95 Italy	27	17	73	83	20	19	14	27	66	54
96 United Kingdom	16	17	84	83	36	19	11	18	53	63
97 New Zealand	97	86	3	14	8	7	8	14	84	79
98 Japan	11	4	89	96	17	18	17	44	66	38
99 Austria	48	15	52	85	16	8	10	13	74	79
100 Finland	53	23	47	77	13	8	10	19	77	73
101 Australia	92	83	8	17	6	5	10	10	84	85
102 Netherlands	50	46	50	54	18	16	13	18	69	66
103 France	27	24	73	76	25	13	17	23	58	64
104 Belgium	24	22	76	78	15	13	10	14	75	73
105 Germany, Fed. Rep.	13	11	87	89	26	16	8	18	66	66
106 Norway	55	38	45	62	12	7	9	10	79	83
107 Denmark	65	43	35	57	18	10	12	19	70	71
108 Canada	70	53	30	47	12	8	9	12	79	80
109 United States	37	31	63	69	24	11	10	27	66	62
110 Sweden	39	22	61	78	13	8	14	17	73	75
111 Switzerland	10	8	90	92	18	13	8	10	74	77
Capital Surplus Oil Exporters	..	99	..	1	..	..	..	..	..	..
112 Saudi Arabia	100	99	0	1	..	..	..	..	..	..
113 Libya	100	100	0	0	13	17	5	2	82	81
114 Kuwait	..	92	..	8	..	17	..	1	..	82
Centrally Planned Economies	65	47	35	53	11	..	10	..	80	..
115 China, People's Rep.	..	..	..	..	..	..	..	..	..	..
116 Korea, Dem. Rep.	..	..	..	..	..	..	..	..	..	..
117 Albania	94	..	6	..	9	..	13	..	78	..
118 Cuba	95	99	5	1	..	..	..	..	..	..
119 Mongolia	..	..	..	..	..	..	..	..	..	..
120 Hungary	44	43	56	57	8	8	12	14	80	78
121 Bulgaria	69	48	31	52	2	..	6	..	92	..
122 USSR	68	77	32	33	12	23	4	4	84	73
123 Poland	62	47	38	53	13	10	7	10	80	80
124 Czechoslovakia	35	34	65	66	26	11	28	13	46	76
125 German Dem. Rep.	37	35	63	65	..	..	..	..	..	..

^aFigures in italics in these columns refer to 1961, rather than 1960.

**Table 8: Destination of Merchandise Exports
(percentage of total)**

From \ To	Developed Countries ^a		Developing Countries ^a		Centrally Planned Economies ^a	
	1960	1976	1960	1976	1960	1976
Low Income Countries	71	65	25	30	1	1
1 Bhutan	..	..	..	..	..	..
2 Cambodia	61	..	28	..	11	..
3 Lao PDR	0	32	100	68	0	0
4 Ethiopia	69	65	30	32	1	3
5 Mali	93	70	7	13	0	17
6 Bangladesh	..	49	..	42	..	9
7 Rwanda	..	95	..	5	..	(.)
8 Somalia	85	19	15	76	0	5
9 Upper Volta	4	72	96	27	0	1
10 Burma	23	28	71	71	6	1
11 Burundi	..	94	..	3	..	3
12 Chad	73	65	27	35	0	0
13 Nepal	..	31	..	69	..	0
14 Benin	98	63	2	28	0	9
15 Malawi	..	85	..	15	..	(.)
16 Zaire	95	96	5	4	(.)	(.)
17 Guinea	63	75	19	25	18	0
18 India	66	54	26	33	8	13
19 Viet Nam	..	..	..	..	..	..
20 Afghanistan	48	50	24	31	28	19
21 Niger	74	86	26	14	0	0
22 Lesotho	..	..	..	..	..	..
23 Mozambique	31	63	69	37	(.)	(.)
24 Pakistan	60	40	32	55	8	5
25 Tanzania	75	57	24	38	1	5
26 Haiti	98	99	0	1	2	0
27 Madagascar	79	79	20	21	1	0
28 Sierra Leone	99	97	1	3	0	0
29 Sri Lanka	76	51	13	38	11	11
30 Central African Emp.	85	75	15	24	0	1
31 Indonesia	54	78	38	21	8	1
32 Kenya	79	55	20	44	1	1
33 Uganda	63	86	33	10	4	4
34 Yemen Arab Rep.	46	21	36	46	18	33
Middle Income Countries	81	72	15	24	1	1
35 Togo	74	87	26	12	0	1
36 Egypt	26	39	29	17	45	44
37 Yemen, PDR	..	86	..	12	..	2
38 Cameroon	93	73	6	19	1	8
39 Sudan	59	56	27	34	14	10
40 Angola	64	70	34	29	2	1
41 Mauritania	89	86	11	14	0	0
42 Nigeria	95	82	4	17	1	1
43 Thailand	47	60	51	38	2	2
44 Bolivia	88	60	12	40	0	0
45 Honduras	77	85	23	15	0	(.)
46 Senegal	89	83	11	17	0	(.)
47 Philippines	94	83	5	12	1	5
48 Zambia	..	91	..	9	..	0
49 Liberia	100	89	0	10	0	1
50 El Salvador	88	79	12	20	0	1
51 Papua New Guinea	..	91	..	7	..	2
52 Congo, People's Rep.	93	72	7	27	0	1
53 Morocco	75	66	21	22	4	12
54 Rhodesia	..	..	..	..	..	..
55 Ghana	90	73	3	12	7	15
56 Ivory Coast	85	76	15	22	0	2
57 Jordan	1	10	88	79	11	11
58 Colombia	94	79	6	20	(.)	1
59 Guatemala	94	69	6	30	0	1
60 Ecuador	91	60	9	37	0	3
61 Paraguay	61	68	39	32	0	0
62 Korea, Rep. of	89	78	11	22	0	0
63 Nicaragua	91	73	9	27	(.)	(.)
64 Dominican Rep.	92	93	8	7	0	0
65 Syrian Arab Rep.	34	61	42	23	24	16

From \ To	Developed Countries ^a		Developing Countries ^a		Centrally Planned Economies ^a	
	1960	1976	1960	1976	1960	1976
66 Peru	84	63	16	21	(.)	16
67 Tunisia	77	66	20	30	3	4
68 Malaysia	59	62	35	34	6	4
69 Algeria	92	89	7	9	1	2
70 Turkey	71	73	17	20	12	7
71 Costa Rica	93	72	7	27	0	1
72 Chile	91	64	9	35	(.)	1
73 China, Rep. of	56	73	44	27	0	0
74 Jamaica	96	85	4	14	0	1
75 Lebanon	24	7	70	88	6	5
76 Mexico	93	78	7	21	(.)	1
77 Brazil	82	62	12	30	6	8
78 Panama	99	72	1	28	0	(.)
79 Iraq	85	56	14	44	1	(.)
80 Uruguay	83	52	7	44	10	4
81 Romania	20	31	9	25	71	44
82 Argentina	75	47	19	46	6	7
83 Yugoslavia	48	39	19	21	33	40
84 Portugal	57	80	41	16	2	4
85 Iran	70	76	27	24	3	0
86 Hong Kong	55	74	42	25	3	1
87 Trinidad and Tobago	80	82	20	18	0	(.)
88 Venezuela	62	67	38	33	0	(.)
89 Greece	65	62	13	28	22	10
90 Singapore	39	49	54	49	7	2
91 Spain	80	65	17	32	3	3
92 Israel	77	75	21	24	2	1
Industrialized Countries	73	71	19	21	4	5
93 South Africa	71	79	27	21	2	(.)
94 Ireland	96	90	4	9	(.)	1
95 Italy	66	67	28	28	6	5
96 United Kingdom	61	67	36	30	3	3
97 New Zealand	92	71	7	23	1	6
98 Japan	46	47	52	46	2	7
99 Austria	70	65	15	20	15	15
100 Finland	70	67	11	9	19	24
101 Australia	76	70	19	23	5	7
102 Netherlands	79	85	19	13	2	2
103 France	53	66	43	29	4	5
104 Belgium	79	84	17	14	4	2
105 Germany, Fed. Rep.	71	71	24	23	5	6
106 Norway	81	82	14	15	5	3
107 Denmark	83	82	13	15	4	3
108 Canada	91	88	8	9	1	3
109 United States	62	58	37	39	1	3
110 Sweden	80	76	15	18	5	6
111 Switzerland	73	68	23	27	4	5
Capital Surplus Oil Exporters	75	72	25	28	0	(.)
112 Saudi Arabia	75	72	25	28	0	0
113 Libya	67	82	26	18	7	(.)
114 Kuwait	91	59	9	41	0	(.)
Centrally Planned Economies	18	..	7	..	72	..
115 China, People's Rep.	15	..	24	..	61	..
116 Korea, Dem. Rep.	..	..	..	..	..	..
117 Albania	1	..	1	..	98	..
118 Cuba	72	..	9	..	19	..
119 Mongolia	..	..	..	..	..	..
120 Hungary	23	..	6	..	71	..
121 Bulgaria	13	..	3	..	84	..
122 USSR	18	..	7	..	75	..
123 Poland	30	..	7	..	63	..
124 Czechoslovakia	17	..	11	..	72	..
125 German Dem. Rep.	20	..	4	..	76	..

^a For the composition of these country groups, see Technical Notes.

Table 9: Balance of Payments and Debt Service Ratios

	Current Account Balance before Interest Payments on External Public Debt		Interest Payments on External Public Debt		Debt Service as Percentage of: ^a			
	(million US dollars)		(million US dollars)		GNP		Exports of Goods and Services	
	1970	1976	1970	1976	1970	1976	1970	1976
Low Income Countries					1.0	1.1	4.6	7.2
1 Bhutan	..	..	..	..	..	..	..	..
2 Cambodia	..	..	..	..	..	..	..	..
3 Lao PDR	..	..	..	..	..	..	..	..
4 Ethiopia	-25	-22	6	11	1.2	0.9	11.3	6.3
5 Mali	-2	-32	(.)	9	0.4	0.5	1.8	3.2
6 Bangladesh	..	-231	..	29	..	1.3	..	13.4
7 Rwanda	..	16	(.)	(.)	(.)	(.)	1.3	0.6
8 Somalia	..	-69	..	..	..	..	2.0	3.0
9 Upper Volta	9	-40	(.)	1	0.6	0.7	3.9	4.8
10 Burma	-61	-22	3	8	1.0	1.0	16.1	16.3
11 Burundi	..	..	(.)	1	0.2	0.6	..	..
12 Chad	2	-3	(.)	2	1.0	1.4	3.5	4.8
13 Nepal	..	39	(.)	1	0.3	0.1	..	2.3
14 Benin	1	-21	(.)	1	0.7	1.7	2.2	4.9
15 Malawi	-32	-71	3	6	1.8	1.9	7.0	7.2
16 Zaire	-54	-544	9	35	2.2	1.6	4.6	12.9
17 Guinea	..	..	3.6	16.7	3.8	6.1	..	..
18 India	-186	1,063	189	253	0.9	0.9	22.0	12.0
19 Viet Nam	..	..	..	..	..	..	..	..
20 Afghanistan	..	64	..	..	2.1	1.1	25.2	7.3
21 Niger	1	-8	1	2	0.9	0.9	3.8	7.3
22 Lesotho	..	..	(.)	(.)	0.5	0.2	..	..
23 Mozambique	..	..	..	..	..	..	..	..
24 Pakistan	-591	-634	76	129	1.9	2.0	23.6	18.2
25 Tanzania	-29	10	6	13	1.3	1.1	5.0	4.3
26 Haiti	..	-14	(.)	(.)	1.0	1.2	7.7	8.2
27 Madagascar	..	..	2	5	0.8	0.7	3.5	..
28 Sierra Leone	-13	-59	3	4	3.0	3.7	10.0	8.3
29 Sri Lanka	-47	17	12	23	1.7	4.1	9.6	20.1
30 Central African Emp.	..	9	(.)	2	0.9	1.8	3.2	7.2
31 Indonesia	-289	-932	21	354	0.9	2.3	6.6	7.1
32 Kenya	-38	-61	11	23	1.2	1.4	3.7	3.6
33 Uganda	24	-45	4	2	0.6	0.2	2.5	1.6
34 Yemen Arab Rep.	..	297	..	..	..	..	..	..
Middle Income Countries					1.4	2.0	7.5	8.0
35 Togo	4	-61	1	4	0.9	2.0	2.9	9.9
36 Egypt	-116	-730	38	77	4.1	6.0	28.7	17.6
37 Yemen, PDR	..	..	..	(.)	..	(.)	..	..
38 Cameroon	-26	-83	4	19	0.9	1.8	3.1	6.0
39 Sudan	-30	-110	12	55	1.2	2.6	10.3	16.7
40 Angola	..	..	..	..	..	..	..	..
41 Mauritania	-12	-52	(.)	3	1.5	14.7	3.2	33.2
42 Nigeria	-348	-311	20	39	0.7	0.9	4.1	2.3
43 Thailand	-234	-426	16	44	0.6	0.6	3.3	2.4
44 Bolivia	-15	-83	6	35	2.7	4.3	10.9	16.4
45 Honduras	-61	-94	3	15	0.8	2.5	2.8	6.3
46 Senegal	-15	-37	1	18	0.7	2.1	2.4	5.7
47 Philippines	2	-1,019	26	87	1.5	1.3	7.6	6.6
48 Zambia	131	-571	23	52	3.2	2.4	5.4	8.9
49 Liberia	..	..	6	6	5.5	2.7	..	..
50 El Salvador	12	34	4	12	0.9	1.7	3.6	4.2
51 Papua New Guinea	..	..	1	19	(.)	2.2	..	..
52 Congo, People's Rep.	..	-218	3	6	3.2	2.3	..	5.3
53 Morocco	-101	-1,308	23	89	1.8	2.5	7.7	12.6
54 Rhodesia	..	..	4	2	0.6	0.2	..	..
55 Ghana	-56	-72	12	17	1.1	0.5	4.9	4.6
56 Ivory Coast	-26	-139	12	66	2.7	4.0	6.7	9.1
57 Jordan	18	90	2	8	0.7	1.8	3.6	2.8
58 Colombia	-250	477	43	125	1.7	1.8	11.6	9.4
59 Guatemala	-2	-193	6	13	1.4	0.4	7.4	1.8
60 Ecuador	-106	24	7	25	1.5	1.7	9.0	5.8
61 Paraguay	-14	-87	3	7	1.7	1.1	11.1	8.7
62 Korea, Rep. of	-546	33	77	345	3.7	3.8	22.0	8.9
63 Nicaragua	-33	-22	7	44	3.0	4.6	10.4	12.2
64 Dominican Rep.	-121	-36	4	12	1.1	1.4	6.4	7.5
65 Syrian Arab Rep.	-64	-746	6	27	2.1	1.7	11.0	7.9

	Current Account Balance before Interest Payments on External Public Debt		Interest Payments on External Public Debt		Debt Service as Percentage of: ^a			
	(million US dollars)		(million US dollars)		GNP		Exports of Goods and Services	
	1970	1976	1970	1976	1970	1976	1970	1976
66 Peru	248	-1,012	46	178	2.8	3.5	13.6	21.6
67 Tunisia	-36	-147	17	41	4.4	2.4	17.1	6.8
68 Malaysia	33	-126	21	120	1.3	2.2	3.0	4.3
69 Algeria	-116	-542	10	341	0.9	5.7	3.2	14.1
70 Turkey	-28	-1,785	42	114	1.3	0.7	21.4	11.2
71 Costa Rica	-67	-178	7	28	2.9	3.0	9.7	9.4
72 Chile	-13	252	78	209	2.8	8.4	18.9	32.9
73 China, Rep. of	24	538	23	145	1.4	1.9	4.5	3.5
74 Jamaica	-145	-248	8	54	1.3	4.5	2.9	11.1
75 Lebanon	..	..	1	2	0.2	..	0.5	..
76 Mexico	-851	-2,413	217	1,070	2.1	3.1	23.6	32.3
77 Brazil	-438	677	124	734	1.0	1.3	14.1	14.8
78 Panama	..	-134	7	60	3.0	4.2	7.7	8.1
79 Iraq	110	298	9	13	0.9	0.4	2.2	0.9
80 Uruguay	-29	-17	16	57	2.6	5.7	21.5	29.2
81 Romania	106	..	..	122	..	..	..	..
82 Argentina	-39	869	120	258	1.9	0.9	21.4	18.3
83 Yugoslavia	-276	-915	72	141	1.7	1.4	8.2	5.5
84 Portugal	..	-1,185	28	41	1.3	0.7	27.2	5.1
85 Iran	-423	5,396	84	332	3.0	1.5	12.2	4.3
86 Hong Kong	..	..	..	2	..	0.1	..	..
87 Trinidad and Tobago	..	..	6	10	1.5	3.0	2.0	2.6
88 Venezuela	-17	1,580	41	122	0.8	1.3	2.9	3.9
89 Greece	-364	-906	41	177	1.0	2.2	10.1	11.2
90 Singapore	-566	-841	6	35	0.6	1.3	0.6	0.8
91 Spain	151	-4,169	72	267	0.5	0.5	3.6	3.6
92 Israel	-560	-835	13	196	0.7	4.0	2.6	12.1
Industrialized Countries^a								
93 South Africa	-1,215	-1,965	..	..	..	..	..	..
94 Ireland	-183	-66	..	..	..	..	..	..
95 Italy	762	-2,846	..	..	..	..	..	..
96 United Kingdom	1,760	-2,502	..	..	..	..	..	..
97 New Zealand	36	-542	..	..	..	..	..	..
98 Japan	1,970	3,691	..	..	..	..	..	..
99 Austria	-22	-1,505	..	..	..	..	..	..
100 Finland	-239	-1,168	..	..	..	..	..	..
101 Australia	-854	-1,397	..	..	..	..	..	..
102 Netherlands	-522	2,367	..	..	..	..	..	..
103 France	-152	-6,034	..	..	..	..	..	..
104 Belgium	715	-301	..	..	..	..	..	..
105 Germany, Fed. Rep.	848	3,384	..	..	..	..	..	..
106 Norway	-242	-3,729	..	..	..	..	..	..
107 Denmark	-544	-1,904	..	..	..	..	..	..
108 Canada	1,077	-4,361	..	..	..	..	..	..
109 United States	2,357	3,477	..	..	..	..	..	..
110 Sweden	-266	-1,966	..	..	..	..	..	..
111 Switzerland	70	3,500	..	..	..	..	..	..
Capital Surplus Oil Exporters								
112 Saudi Arabia	71	13,629	..	..	..	..	..	..
113 Libya	645	1,698	..	..	..	..	..	..
114 Kuwait	..	..	..	..	..	..	..	..
Centrally Planned Economies^a								
115 China, People's Rep.	..	..	..	..	..	..	..	..
116 Korea, Dem. Rep.	..	..	..	..	..	..	..	..
117 Albania	..	..	..	..	..	..	..	..
118 Cuba	..	..	..	..	..	..	..	..
119 Mongolia	..	..	..	..	..	..	..	..
120 Hungary	..	..	..	..	..	..	..	..
121 Bulgaria	..	..	..	..	..	..	..	..
122 USSR	..	..	..	..	..	..	..	..
123 Poland	..	..	..	..	..	..	..	..
124 Czechoslovakia	..	..	..	..	..	..	..	..
125 German Dem. Rep.	..	..	..	..	..	..	..	..

^aSee Technical Notes.

Table 10: Flows of External Capital

	Public and Publicly Guaranteed Medium- and Long-term Loans (million US dollars)						Net Direct Private Investment (million US dollars)	
	Gross Inflow		Repayment of Principal		Net Inflow		1970	1976
	1970	1976	1970	1976	1970	1976		
Low Income Countries								
1 Bhutan	..	..	..	..	..	..	..	..
2 Cambodia	..	..	..	..	..	..	..	..
3 Lao PDR	..	..	..	..	..	..	..	..
4 Ethiopia	27	73	15	14	12	59	4	4
5 Mali	21	39	1	3	20	36	..	3
6 Bangladesh	..	347	..	36	..	311	..	..
7 Rwanda	(.)	14	(.)	(.)	(.)	14	(.)	4
8 Somalia	4	56	1	2	3	54	5	2
9 Upper Volta	2	25	2	3	(.)	22	(.)	..
10 Burma	16	61	18	25	-2	36	..	..
11 Burundi	1	4	(.)	2	1	2	..	..
12 Chad	6	26	2	5	4	21	1	27
13 Nepal	1	12	2	1	-1	11	..	..
14 Benin	2	31	1	6	1	25	7	..
15 Malawi	38	36	3	7	35	29	9	..
16 Zaire	32	329	30	14	2	315	42	..
17 Guinea	110	661	10	37	102	642	..	..
18 India	890	1,329	307	502	583	827	6	..
19 Viet Nam	..	..	..	..	..	..	-1	..
20 Afghanistan	35	119	14	18	21	101	..	..
21 Niger	16	12	2	4	14	8	1	..
22 Lesotho	(.)	2	(.)	(.)	(.)	2	..	..
23 Mozambique	..	..	..	..	..	..	..	..
24 Pakistan	481	883	114	140	367	743	23	8
25 Tanzania	50	117	10	15	40	102	..	..
26 Haiti	4	40	4	11	(.)	29	3	5
27 Madagascar	11	20	5	9	6	11	20	..
28 Sierra Leone	8	24	10	17	-2	7	8	..
29 Sri Lanka	61	190	25	104	36	86	(.)	..
30 Central African Emp.	10	23	2	5	8	18	1	4
31 Indonesia	379	2,366	57	435	322	1,931	83	..
32 Kenya	30	204	7	20	23	184	14	42
33 Uganda	26	31	4	3	22	28	4	-7
34 Yemen Arab Rep.	..	..	..	..	..	..	..	..
Middle Income Countries								
35 Togo	5	62	2	9	3	53	1	..
36 Egypt	302	1,418	247	552	55	866	..	42
37 Yemen, PDR	1	118	..	..	..	..	..	..
38 Cameroon	28	193	4	22	24	171	16	31
39 Sudan	39	389	21	63	18	326	..	..
40 Angola	..	..	..	..	..	..	..	..
41 Mauritania	4	158	3	65	1	93	-1	50
42 Nigéria	61	65	36	211	25	-146	205	387
43 Thailand	55	242	23	43	32	199	43	79
44 Bolivia	54	288	17	70	37	218	-76	12
45 Honduras	29	84	3	13	26	71	8	8
46 Senegal	19	70	5	24	14	46	5	..
47 Philippines	123	890	76	136	47	754	-29	127
48 Zambia	335	270	31	45	304	225	-297	..
49 Liberia	7	34	11	14	-4	20	..	..
50 El Salvador	8	91	6	23	2	68	4	10
51 Papua New Guinea	50	34	0	7	50	27	..	..
52 Congo, People's Rep.	30	53	6	10	24	43	..	..
53 Morocco	163	707	36	128	127	579	20	38
54 Rhodesia	..	..	5	6	..	..	..	..
55 Ghana	40	47	12	23	28	24	68	13
56 Ivory Coast	76	355	27	109	49	246	31	50
57 Jordan	16	145	3	20	13	125	..	7
58 Colombia	235	250	75	150	160	100	39	49
59 Guatemala	37	58	20	6	17	52	29	96
60 Ecuador	42	239	16	56	26	183	89	80
61 Paraguay	15	59	7	12	8	47	4	-32
62 Korea, Rep. of	462	1,701	235	495	227	1,206	38	173
63 Nicaragua	43	76	16	33	27	43	15	12
64 Dominican Rep.	42	118	12	42	30	76	72	..
65 Syrian Arab Rep.	60	392	30	82	30	310	..	..

Public and Publicly Guaranteed Medium- and Long-term Loans
(million US dollars)

	Gross Inflow		Repayment of Principal		Net Inflow		Net Direct Private Investment (million US dollars)	
	1970	1976	1970	1976	1970	1976	1970	1976
	66 Peru	168	886	122	202	46	684	-70	170
67 Tunisia	82	365	44	69	38	296	16	..
68 Malaysia	44	445	32	118	12	327	94	..
69 Algeria	292	1,938	33	433	259	1,505	45	..
70 Turkey	321	511	129	154	192	357	58	28
71 Costa Rica	30	156	21	40	9	116	26	55
72 Chile	397	428	163	548	234	-120	-79	-5
73 China, Rep. of	154	755	54	174	100	581	61	69
74 Jamaica	15	196	8	51	7	145	161	-1
75 Lebanon	12	..	2	6	10	-6	17	..
76 Mexico	782	5,506	475	1,217	307	4,289	323	689
77 Brazil	992	4,126	316	924	676	3,202	131	1,009
78 Panama	67	362	24	38	43	324	33	..
79 Iraq	63	47	18	48	45	-1	24	..
80 Uruguay	37	218	47	148	-10	70	..	..
81 Romania	..	..	..	..	..	..	..	..
82 Argentina	489	1,908	341	590	148	1,318	11	..
83 Yugoslavia	180	538	168	364	12	174	..	..
84 Portugal	20	236	62	93	-42	143	..	55
85 Iran	914	1,118	235	655	679	463	25	..
86 Hong Kong	..	44	1	2	-1	42	..	..
87 Trinidad and Tobago	8	11	6	62	2	-51	83	82
88 Venezuela	224	1,041	42	287	182	754	-23	-828
89 Greece	164	256	61	310	103	-54	50	10
90 Singapore	49	189	5	39	44	150	93	722
91 Spain	268	1,533	123	255	145	1,278	179	165
92 Israel	410	1,240	25	337	385	903	39	35
Industrialized Countries^a								
93 South Africa	..	..	..	..	..	..	318	-95
94 Ireland	..	..	..	..	..	..	32	..
95 Italy	..	..	..	..	..	..	496	-60
96 United Kingdom	..	..	..	..	..	..	-460	-2,026
97 New Zealand	..	..	..	..	..	..	22	179
98 Japan	..	..	..	..	..	..	-261	-1,786
99 Austria	..	..	..	..	..	..	84	50
100 Finland	..	..	..	..	..	..	-34	27
101 Australia	..	..	..	..	..	..	787	784
102 Netherlands	..	..	..	..	..	..	19	-645
103 France	..	..	..	..	..	..	249	-391
104 Belgium	..	..	..	..	..	..	162	473
105 Germany, Fed. Rep.	..	..	..	..	..	..	-278	-927
106 Norway	..	..	..	..	..	..	32	185
107 Denmark	..	..	..	..	..	..	75	92
108 Canada	..	..	..	..	..	..	566	-965
109 United States	..	..	..	..	..	..	-6,125	-7,335
110 Sweden	..	..	..	..	..	..	-105	-495
111 Switzerland	..	..	..	..	..	..	..	..
Capital Surplus Oil Exporters								
112 Saudi Arabia	..	..	..	..	..	..	20	-401
113 Libya	..	..	..	..	..	..	139	-523
114 Kuwait	..	..	..	..	..	..	..	..
Centrally Planned Economies^a								
115 China, People's Rep.	..	..	..	..	..	..	..	..
116 Korea, Dem. Rep.	..	..	..	..	..	..	..	..
117 Albania	..	..	..	..	..	..	..	..
118 Cuba	..	..	..	..	..	..	..	..
119 Mongolia	..	..	..	..	..	..	..	..
120 Hungary	..	..	..	..	..	..	..	..
121 Bulgaria	..	..	..	..	..	..	..	..
122 USSR	..	..	..	..	..	..	..	..
123 Poland	..	..	..	..	..	..	..	..
124 Czechoslovakia	..	..	..	..	..	..	..	..
125 German Dem. Rep.	..	..	..	..	..	..	..	..

^aSee Technical Notes.

Table 11: External Public Debt and International Reserves

	External Public Debt Outstanding and Disbursed				Gross International Reserves		
	(million US dollars)		As Percentage of GNP		(million US dollars)		In months of import coverage
	1970	1976	1970	1976	1970	1976	1976
Low Income Countries			14.2	20.9			2.4
1 Bhutan	..	..	..	..	..	..	..
2 Cambodia	..	..	..	..	..	..	..
3 Lao PDR	..	..	..	..	..	..	..
4 Ethiopia	169	431	9.5	14.9	71	306	7.5
5 Mali	236	376	87.7	49.5	1	7	0.4
6 Bangladesh	..	1,943	..	39.0	..	289	3.6
7 Rwanda	2	35	0.8	8.1	8	64	4.7
8 Somalia	77	277	41.0	70.9	21	85	4.6
9 Upper Volta	21	84	6.3	12.4	36	71	3.2
10 Burma	102	321	4.7	9.7	94	126	6.1
11 Burundi	7	24	2.9	5.1	15	49	..
12 Chad	32	94	11.9	19.7	2	23	1.3
13 Nepal	3	44	0.3	3.2	97	135	9.0
14 Benin	41	95	17.2	23.2	16	19	1.0
15 Malawi	121	258	37.7	37.5	29	26	2.4
16 Zaire	309	2,002	17.3	63.8	186	105	0.4
17 Guinea	320	872	85.8	99.1	..	..	..
18 India	7,935	12,392	14.8	14.6	1,006	3,074	2.6
19 Viet Nam	..	240	..	..	241	..	..
20 Afghanistan	529	911	58.5	37.2	47	169	7.0
21 Niger	36	112	9.8	16.1	19	83	2.4
22 Lesotho	8	15	8.1	8.5	..	..	..
23 Mozambique	..	..	..	..	..	..	..
24 Pakistan	3,060	5,968	30.5	45.1	190	532	2.2
25 Tanzania	237	914	18.5	35.7	65	112	2.0
26 Haiti	40	92	10.0	9.5	4	28	1.5
27 Madagascar	94	181	10.9	10.2	37	42	..
28 Sierra Leone	59	159	14.2	27.7	39	25	1.5
29 Sri Lanka	311	682	14.6	22.1	43	92	1.6
30 Central African Emp.	20	79	9.4	18.7	1	19	1.6
31 Indonesia	2,505	10,141	27.8	29.1	160	1,499	0.9
32 Kenya	284	688	18.5	22.2	220	276	2.6
33 Uganda	125	212	9.6	6.8	57	..	..
34 Yemen Arab Rep.	..	274	..	..	..	720	14.9
Middle Income Countries			13.2	17.0			2.6
35 Togo	40	167	15.3	28.5	35	67	1.7
36 Egypt	1,639	5,043	23.7	48.1	167	339	0.8
37 Yemen, PDR	1	226	0.3	48.8	59	82	..
38 Cameroon	131	529	13.1	23.3	81	44	0.7
39 Sudan	293	1,268	11.0	27.4	22	24	0.3
40 Angola	..	..	..	..	..	..	..
41 Mauritania	27	354	15.6	76.7	3	82	2.6
42 Nigeria	494	954	6.6	3.3	222	5,203	5.6
43 Thailand	322	822	4.9	5.2	906	1,893	5.5
44 Bolivia	477	1,000	54.9	41.4	46	168	2.6
45 Honduras	90	335	13.0	29.1	20	131	2.7
46 Senegal	103	336	12.3	17.0	22	25	0.5
47 Philippines	635	2,126	9.5	12.3	251	1,640	4.1
48 Zambia	548	1,184	32.0	53.7	514	100	1.3
49 Liberia	156	191	49.2	25.7	..	17	..
50 El Salvador	88	272	8.6	12.9	63	205	2.9
51 Papua New Guinea	61	289	10.4	23.3	..	202	..
52 Congo, People's Rep.	128	405	46.6	56.5	9	12	0.3
53 Morocco	713	2,131	21.4	24.6	140	491	1.6
54 Rhodesia	227	156	15.4	4.5	..	..	..
55 Ghana	486	594	22.4	7.5	58	104	1.3
56 Ivory Coast	256	1,183	18.2	27.2	119	77	0.5
57 Jordan	120	447	19.2	28.7	256	491	4.5
58 Colombia	1,250	2,449	18.1	15.6	206	1,158	5.2
59 Guatemala	106	212	5.7	5.0	78	511	5.0
60 Ecuador	209	639	13.3	13.0	83	515	4.3
61 Paraguay	98	222	16.7	13.1	18	158	5.9
62 Korea, Rep. of	1,904	6,690	22.8	26.7	610	2,961	3.5
63 Nicaragua	146	642	19.4	37.8	49	147	2.5
64 Dominican Rep.	215	528	14.7	14.1	32	127	2.0
65 Syrian Arab Rep.	232	968	13.7	15.2	55	361	1.7

	External Public Debt Outstanding and Disbursed				Gross International Reserves		
	(million US dollars)		As Percentage of GNP		(million US dollars)		In months of import coverage
	1970	1976	1970	1976	1970	1976	1976
66 Peru	898	3,379	14.8	31.3	336	330	1.3
67 Tunisia	524	1,356	37.3	30.3	60	371	2.6
68 Malaysia	364	1,619	9.2	12.1	664	2,472	6.8
69 Algeria	937	5,853	20.6	37.4	339	1,987	3.0
70 Turkey	1,841	3,569	14.4	8.8	431	1,123	2.3
71 Costa Rica	134	534	13.8	24.0	16	98	1.3
72 Chile	2,066	3,527	24.0	39.1	389	460	2.4
73 China, Rep. of	609	2,236	10.8	13.0	622	1,607	2.2
74 Jamaica	129	855	10.3	36.6	139	32	0.3
75 Lebanon	64	40	4.2	..	386	1,677	..
76 Mexico	3,228	15,547	9.8	20.8	744	1,253	1.4
77 Brazil	3,680	14,852	8.0	11.7	1,187	6,541	4.5
78 Panama	193	1,091	18.9	46.9	17	..	..
79 Iraq	274	391	8.8	2.4	462	4,601	5.2
80 Uruguay	267	688	11.0	19.0	175	315	4.8
81 Romania	..	..	..	..	..	..	..
82 Argentina	1,872	4,255	7.5	4.6	673	1,608	4.8
83 Yugoslavia	1,199	2,488	8.5	6.8	140	2,049	1.2
84 Portugal	473	875	7.1	5.4	1,504	1,302	3.2
85 Iran	2,167	4,271	20.6	6.5	208	8,833	6.2
86 Hong Kong	2	62	0.1	0.7	..	..	..
87 Trinidad and Tobago	78	99	9.7	4.1	43	1,014	4.9
88 Venezuela	729	2,970	6.7	9.4	1,021	8,578	11.6
89 Greece	905	2,377	8.9	10.4	310	925	1.9
90 Singapore	141	687	7.3	11.8	1,012	3,364	4.1
91 Spain	1,209	4,761	3.3	4.6	1,817	5,284	3.2
92 Israel	2,274	6,828	41.2	51.1	449	1,373	2.1
Industrialized Countries^a							1.6
93 South Africa					1,012	940	0.9
94 Ireland					697	1,837	4.2
95 Italy					5,352	6,654	1.6
96 United Kingdom					2,827	4,230	0.7
97 New Zealand					258	492	1.5
98 Japan					4,840	16,605	2.6
99 Austria					1,751	4,410	3.6
100 Finland					460	498	0.7
101 Australia					1,693	3,170	2.4
102 Netherlands					3,241	7,387	1.9
103 France					4,960	9,728	1.5
104 Belgium					2,847	5,206	1.7
105 Germany, Fed. Rep.					13,610	34,801	3.7
106 Norway					813	2,229	1.6
107 Denmark					484	915	0.7
108 Canada					4,679	5,843	1.4
109 United States					14,487	18,320	1.4
110 Sweden					761	2,491	1.2
111 Switzerland					5,132	12,993	8.6
Capital Surplus Oil Exporters							..
112 Saudi Arabia	..	..	..	..	662	27,025	14.7
113 Libya	..	..	..	..	1,590	3,206	5.4
114 Kuwait	..	..	..	..	203	1,929	..
Centrally Planned Economies^a							..
115 China, People's Rep.					..	..	..
116 Korea, Dem. Rep.					..	..	..
117 Albania					..	..	..
118 Cuba					..	..	..
119 Mongolia					..	..	..
120 Hungary					..	..	..
121 Bulgaria					..	..	..
122 USSR					..	..	..
123 Poland					..	..	..
124 Czechoslovakia					..	..	..
125 German Dem. Rep.					..	..	..

^a See Technical Notes.

Table 12: Official Development Assistance from Members of the OECD^a

	1960	1965	1970	1971	1972
In Millions of US Dollars					
95 Italy	77	60	147	183	102
96 United Kingdom	407	472	447	562	609
97 New Zealand	..	..	14	17	21
98 Japan	105	244	458	511	611
99 Austria	..	10	11	12	18
100 Finland	..	2	7	13	20
101 Australia	59	119	202	202	267
102 Netherlands	35	70	196	216	307
103 France	823	752	971	1,075	1,320
104 Belgium	101	102	120	146	193
105 Germany, Fed. Rep.	223	456	599	734	808
106 Norway	5	11	37	42	63
107 Denmark	5	13	59	74	96
108 Canada	75	96	346	391	492
109 United States	2,702	3,418	3,050	3,324	3,349
110 Sweden	7	38	117	159	198
111 Switzerland	4	12	30	28	65
TOTAL	4,628	5,875	6,811	7,689	8,539
As Percentage of Donor GNP^c					
95 Italy	.22	.10	.16	.18	.09
96 United Kingdom	.56	.47	.37	.41	.39
97 New Zealand	..	..	.23	.23	.25
98 Japan	.24	.27	.23	.23	.21
99 Austria	..	.11	.07	.07	.09
100 Finland	..	.02	.07	.12	.15
101 Australia	.38	.53	.59	.53	.59
102 Netherlands	.31	.36	.61	.58	.67
103 France	1.38	.76	.66	.66	.67
104 Belgium	.88	.60	.46	.50	.55
105 Germany, Fed. Rep.	.31	.40	.32	.34	.31
106 Norway	.11	.16	.32	.33	.43
107 Denmark	.09	.13	.38	.43	.45
108 Canada	.19	.19	.42	.42	.47
109 United States	.53	.49	.31	.32	.29
110 Sweden	.05	.19	.38	.44	.48
111 Switzerland	.04	.09	.15	.12	.21
Summary					
ODA (billion US dollars, nominal prices)	4.6	5.9	6.8	7.7	8.5
ODA as a Percentage of GNP	.52	.44	.34	.35	.33
ODA (billion US dollars, constant 1977 prices)	12.2	14.1	14.4	15.5	15.8
GNP (trillion US dollars, nominal prices)	.9	1.3	2.0	2.2	2.6
ODA Deflator ^b	.38	.42	.47	.50	.54

^a Official Development Assistance from members of the Organization of Petroleum Exporting Countries totalled US\$5.5 billion in 1975 and US\$5.2 billion in 1976. See Technical Notes.

^b See Technical Notes.

Estimated

1973	1974	1975	1976	1977	1978	1979	1980
In Millions of US Dollars							
192	216	182	226	234	237	248	271
603	717	863	835	907	949	1,073	1,194
29	39	66	53	53	67	81	92
1,011	1,126	1,148	1,105	1,421	2,092	2,530	3,029
40	59	64	48	118	98	110	132
28	38	48	51	49	63	73	90
286	430	507	385	429	505	582	669
322	436	604	720	899	1,167	1,338	1,509
1,461	1,616	2,091	2,146	2,394	2,665	3,002	3,374
235	271	378	340	369	507	644	749
1,102	1,433	1,689	1,384	1,386	1,883	2,092	2,313
87	131	184	218	295	406	464	538
132	168	205	214	255	328	386	430
515	713	880	887	994	1,341	1,582	1,818
2,968	3,439	4,007	4,334	4,123	5,492	6,171	6,896
275	402	566	608	782	909	1,047	1,162
65	68	104	112	94	104	123	141
9,351	11,302	13,586	13,668	14,802	18,813	21,546	24,407
As Percentage of Donor GNP							
.14	.14	.11	.13	.12	.11	.10	.10
.34	.37	.37	.38	.37	.37	.38	.38
.27	.31	.52	.43	.37	.45	.48	.49
.25	.25	.23	.20	.21	.27	.29	.30
.15	.18	.17	.12	.24	.18	.18	.19
.16	.17	.18	.18	.17	.17	.18	.20
.44	.55	.60	.42	.45	.47	.48	.49
.54	.63	.75	.82	.85	1.00	1.02	1.03
.57	.59	.62	.62	.63	.62	.62	.63
.51	.51	.59	.51	.46	.64	.65	.67
.32	.37	.40	.31	.27	.32	.32	.31
.43	.57	.66	.71	.82	.96	.97	.98
.48	.55	.58	.56	.60	.67	.70	.70
.43	.50	.54	.46	.51	.61	.64	.66
.23	.24	.26	.25	.22	.26	.26	.26
.56	.72	.82	.82	1.00	.97	1.00	1.00
.16	.14	.19	.19	.15	.16	.17	.17
9.4	11.3	13.6	13.7	14.8	18.8	21.5	24.4
.30	.33	.36	.33	.32	.35	.36	.37
14.3	14.2	15.1	14.8	14.8	17.4	18.6	19.7
3.1	3.4	3.8	4.1	4.6	5.3	5.9	6.6
.66	.80	.90	.93	1.00	1.08	1.16	1.24

Table 13: Population and Labor Force Growth

	Average Annual Growth Rates (percent)					
	Total Population		Urban Population		Labor Force	
	1960-70	1970-75	1960-70	1970-75	1960-70	1970-75
Low Income Countries	2.4	2.4	5.4	5.5	1.9	2.0
1 Bhutan	2.3	2.3	4.3	4.6	1.8	2.0
2 Cambodia	2.7	2.8	9.5	6.1	2.1	2.4
3 Lao PDR	2.4	2.5	5.0	4.9	1.4	1.6
4 Ethiopia	2.0	2.6	6.1	5.6	2.0	2.0
5 Mali	2.1	2.5	4.2	4.6	1.9	2.0
6 Bangladesh	2.8	2.0	4.8	3.8	2.4	1.6
7 Rwanda	3.6	2.3	7.3	7.7	2.5	2.5
8 Somalia	2.4	2.4	6.0	4.7	1.6	2.7
9 Upper Volta	2.1	2.3	5.1	5.2	1.7	1.8
10 Burma	2.2	2.2	3.8	4.8	1.2	1.6
11 Burundi	2.0	2.1	6.7	6.1	1.1	1.7
12 Chad	1.7	2.1	7.5	6.3	1.3	1.5
13 Nepal	2.1	2.1	4.0	5.6	1.8	2.1
14 Benin	2.7	2.7	7.3	6.6	2.0	2.0
15 Malawi	2.6	2.3	4.8	5.3	1.8	1.9
16 Zaire	2.7	2.7	4.0	6.4	2.2	1.9
17 Guinea	2.8	2.8	7.5	6.6	1.7	1.7
18 India	2.3	2.1	3.5	3.8	1.7	2.0
19 Viet Nam	2.8	2.6	4.3	4.6	1.1	1.6
20 Afghanistan	2.2	2.2	5.2	5.4	1.9	2.1
21 Niger	2.7	2.7	6.9	5.4	2.5	2.5
22 Lesotho	2.2	2.2	8.3	6.7	1.5	1.4
23 Mozambique	1.9	2.4	6.4	6.1	1.9	1.5
24 Pakistan	2.8	3.0	2.9	5.3	1.9	2.6
25 Tanzania	3.0	2.7	5.6	7.5	2.3	2.4
26 Haiti	1.6	1.6	3.8	3.6	0.6	1.4
27 Madagascar	2.6	3.1	5.5	6.0	2.3	2.3
28 Sierra Leone	2.2	2.5	3.8	4.4	1.6	1.8
29 Sri Lanka	2.4	1.7	4.5	4.3	2.1	2.5
30 Central African Emp.	2.2	2.2	7.0	5.8	1.7	1.8
31 Indonesia	2.2	2.4	4.4	4.7	2.2	2.2
32 Kenya	3.1	3.5	6.3	6.3	3.2	2.6
33 Uganda	2.7	3.3	7.1	6.8	2.4	2.4
34 Yemen Arab Rep.	2.3	1.9	9.0	8.0	2.3	2.4
Middle Income Countries	2.7	2.7	4.8	4.5	2.3	2.7
35 Togo	2.7	2.6	5.4	5.0	2.6	2.1
36 Egypt	2.6	2.2	4.3	3.9	2.2	2.5
37 Yemen, PDR	3.4	2.7	5.5	5.4	2.3	2.3
38 Cameroon	2.1	1.9	6.2	5.2	1.3	1.4
39 Sudan	2.2	2.1	6.2	5.5	2.6	2.7
40 Angola	1.3	0.1	5.8	6.2	1.7	2.0
41 Mauritania	1.8	2.7	5.5	5.0	1.8	1.8
42 Nigeria	2.5	2.5	4.8	7.0	1.8	2.1
43 Thailand	3.1	2.9	4.8	5.3	2.1	2.9
44 Bolivia	2.6	2.7	4.1	4.0	2.1	2.4
45 Honduras	2.7	2.7	4.7	4.5	2.8	3.0
46 Senegal	2.6	2.7	4.0	4.1	1.8	1.7
47 Philippines	3.0	2.8	4.3	4.8	2.3	2.7
48 Zambia	2.9	2.9	8.7	6.8	2.4	2.4
49 Liberia	3.3	3.3	6.1	5.8	1.3	1.5
50 El Salvador	3.5	3.1	3.5	3.9	2.9	3.3
51 Papua New Guinea	2.3	2.6	12.9	10.1	1.8	1.9
52 Congo, People's Rep.	2.6	2.2	5.0	4.5	1.7	2.0
53 Morocco	2.4	2.4	4.2	5.1	1.7	2.8
54 Rhodesia	3.3	3.5	5.2	5.9	3.3	2.7
55 Ghana	2.6	2.7	4.6	5.5	1.8	2.1
56 Ivory Coast	3.4	4.2	7.3	6.5	1.9	1.9
57 Jordan	3.3	3.2	5.1	4.9	2.7	2.9
58 Colombia	2.9	2.8	5.4	4.9	3.0	3.2
59 Guatemala	3.2	3.2	3.5	4.0	2.6	2.9
60 Ecuador	3.3	3.5	4.3	3.9	3.1	3.2
61 Paraguay	2.6	2.7	3.0	3.7	2.4	3.0
62 Korea, Rep. of	2.6	1.8	6.2	4.9	2.9	2.9
63 Nicaragua	2.9	3.3	4.1	4.5	2.6	3.2
64 Dominican Rep.	2.9	2.9	6.3	5.5	2.6	3.1
65 Syrian Arab Rep.	3.7	3.3	4.8	4.2	2.6	2.6

Average Annual Growth Rates (percent)

	Total Population		Urban Population		Labor Force	
	1960-70	1970-75	1960-70	1970-75	1960-70	1970-75
66 Peru	2.9	2.9	4.3	4.2	2.1	3.0
67 Tunisia	2.1	2.3	4.9	4.2	0.7	2.3
68 Malaysia	2.9	2.7	3.6	4.7	2.7	3.2
69 Algeria	3.2	3.2	6.6	5.7	1.2	2.8
70 Turkey	2.5	2.5	5.2	4.2	1.2	1.8
71 Costa Rica	3.5	2.5	4.6	3.8	3.5	3.8
72 Chile	2.1	1.8	3.7	2.7	1.4	2.5
73 China, Rep. of	3.1	2.0	5.6	5.6	4.2	5.0
74 Jamaica	1.7	1.8	4.7	3.8	0.5	1.1
75 Lebanon	2.5	3.0	7.4	5.4	2.1	3.0
76 Mexico	3.4	3.5	5.0	4.6	2.8	3.3
77 Brazil	2.9	2.9	5.0	4.5	2.8	2.9
78 Panama	3.1	3.1	4.8	4.2	3.3	2.7
79 Iraq	3.2	3.3	6.3	5.0	2.9	3.0
80 Uruguay	0.6	0.4	1.9	1.7	0.8	1.0
81 Romania	1.0	0.9	2.9	2.8	0.8	0.6
82 Argentina	1.4	1.3	2.3	2.0	1.3	1.2
83 Yugoslavia	1.0	0.9	3.4	2.9	1.0	1.3
84 Portugal	0.1	0.8	1.5	1.7	0.6	0.2
85 Iran	2.9	2.8	5.0	4.7	2.5	2.6
86 Hong Kong	2.5	1.9	3.1	1.7	3.2	2.9
87 Trinidad and Tobago	2.1	1.1	2.2	1.9	1.1	2.4
88 Venezuela	3.4	3.1	4.9	3.9	2.4	3.7
89 Greece	0.6	0.7	2.7	1.7	0.1	0.1
90 Singapore	2.3	1.7	4.7	2.5	2.8	3.2
91 Spain	1.1	1.0	2.6	1.9	0.2	1.0
92 Israel	3.3	3.3	4.0	3.4	3.5	2.8
Industrialized Countries	1.0	0.8	1.9	1.8	1.0	1.0
93 South Africa	3.1	2.6	3.3	3.7	3.5	2.6
94 Ireland	0.4	1.2	1.8	2.3	0.1	1.3
95 Italy	0.7	0.8	1.5	1.3	0.1	0.6
96 United Kingdom	0.6	0.2	0.4	0.5	0.6	0.3
97 New Zealand	1.7	1.8	2.5	1.9	2.2	1.9
98 Japan	1.0	1.4	2.4	2.3	1.9	1.4
99 Austria	0.5	0.4	0.9	0.8	-0.6	0.7
100 Finland	0.4	0.5	3.3	1.9	0.5	0.9
101 Australia	2.0	1.5	2.5	2.2	2.6	2.1
102 Netherlands	1.3	0.9	1.6	1.2	1.6	1.2
103 France	1.0	0.8	2.6	1.8	0.6	1.3
104 Belgium	0.6	0.3	1.1	1.0	0.3	0.8
105 Germany, Fed. Rep.	1.0	0.2	1.4	0.8	0.5	0.9
106 Norway	0.8	0.7	2.1	2.0	0.5	0.7
107 Denmark	0.8	0.5	1.5	1.0	1.1	0.6
108 Canada	1.8	1.4	2.8	2.0	2.6	2.1
109 United States	1.2	0.8	1.8	1.5	1.8	1.7
110 Sweden	0.7	0.4	1.9	1.2	1.0	0.5
111 Switzerland	1.3	0.8	2.3	1.9	2.0	1.0
Capital Surplus Oil Exporters	4.0	4.2	6.6	6.3	3.4	2.4
112 Saudi Arabia	1.7	2.4	6.6	6.3	2.3	2.4
113 Libya	4.0	4.2	5.8	5.0	3.4	2.4
114 Kuwait	9.7	6.2	13.0	8.2	7.7	4.7
Centrally Planned Economies	1.2	0.9	3.2	2.8	0.9	1.5
115 China, People's Rep.	1.6	1.7	3.2	3.3	1.4	1.5
116 Korea, Dem. Rep.	2.8	2.7	5.8	5.1	2.3	3.0
117 Albania	2.8	2.4	3.8	4.9	2.2	2.8
118 Cuba	2.1	1.8	3.5	2.9	0.9	1.8
119 Mongolia	2.8	3.0	5.3	5.4	2.1	2.4
120 Hungary	0.3	0.4	1.6	1.5	0.5	0.8
121 Bulgaria	0.7	0.5	4.1	2.8	0.7	0.7
122 USSR	1.2	0.9	2.7	2.4	0.7	1.5
123 Poland	1.0	0.9	2.1	2.2	1.7	1.8
124 Czechoslovakia	0.5	0.7	2.0	1.7	0.9	1.1
125 German Dem. Rep.	0.1	-0.3	0.1	0.5	0.4	0.4

Table 14: Structure of Population

	Percentage of Population						Percentage of Labor Force in Agriculture	
	In Urban Areas		Below Age 15		Of Working Age (15-64 years)		1960	1970
	1960	1975	1960	1975	1960	1975		
Low Income Countries	8	13	43	44	54	54	88	85
1 Bhutan	3	3	41	42	56	55	95	94
2 Cambodia	10	23	45	45	53	52	82	78
3 Lao PDR	8	11	41	42	56	55	83	79
4 Ethiopia	7	11	43	44	54	54	88	84
5 Mali	10	14	44	44	54	53	94	91
6 Bangladesh	5	9	44	46	53	49	87	86
7 Rwanda	2	4	45	44	52	53	95	93
8 Somalia	18	28	44	45	54	53	88	85
9 Upper Volta	5	8	42	43	55	54	92	87
10 Burma	17	22	38	41	59	56	68	67
11 Burundi	2	4	43	43	55	54	90	87
12 Chad	7	14	45	40	53	57	94	90
13 Nepal	3	5	42	42	56	55	95	94
14 Benin	10	18	44	45	53	52	55	50
15 Malawi	4	6	40	45	56	51	93	88
16 Zaire	20	26	44	44	53	53	83	79
17 Guinea	10	20	42	43	55	54	88	85
18 India	18	22	41	42	56	55	74	69
19 Viet Nam	13	17	36	41	61	55	82	76
20 Afghanistan	8	12	42	44	55	53	85	82
21 Niger	6	9	46	46	52	52	95	93
22 Lesotho	1	3	38	38	57	56	93	90
23 Mozambique	4	6	42	43	56	54	81	74
24 Pakistan	20	27	44	47	52	51	61	59
25 Tanzania	5	7	46	47	51	51	89	86
26 Haiti	15	21	39	40	58	56	80	74
27 Madagascar	12	18	45	45	53	52	93	89
28 Sierra Leone	12	15	42	43	54	54	78	72
29 Sri Lanka	18	24	42	39	54	57	56	55
30 Central African Emp.	19	36	42	42	54	55	94	91
31 Indonesia	15	19	41	44	56	54	75	66
32 Kenya	7	11	47	47	51	51	86	82
33 Uganda	5	8	44	44	53	53	89	86
34 Yemen Arab Rep.	4	9	43	45	54	53	83	79
Middle Income Countries	32	43	44	44	53	53	60	51
35 Togo	10	14	45	46	53	52	80	73
36 Egypt	38	48	42	41	55	56	58	54
37 Yemen, PDR	20	29	43	45	54	53	71	65
38 Cameroon	13	24	39	40	59	57	88	85
39 Sudan	9	13	44	45	53	52	86	82
40 Angola	10	18	43	42	55	55	69	64
41 Mauritania	7	11	42	42	55	55	91	88
42 Nigeria	18	29	45	45	54	53	71	62
43 Thailand	13	17	45	46	53	51	84	80
44 Bolivia	29	37	43	43	54	54	61	56
45 Honduras	23	28	46	47	52	50	70	67
46 Senegal	22	28	43	43	56	54	84	80
47 Philippines	30	36	45	46	52	51	61	53
48 Zambia	18	37	47	48	51	50	79	73
49 Liberia	9	28	41	41	56	55	81	76
50 El Salvador	38	40	46	47	51	50	62	56
51 Papua New Guinea	3	13	41	42	57	55	89	86
52 Congo, People's Rep.	27	40	42	42	55	54	52	42
53 Morocco	30	38	45	47	53	49	63	57
54 Rhodesia	16	20	48	48	49	51	69	64
55 Ghana	23	32	47	48	52	50	64	58
56 Ivory Coast	11	20	42	43	55	54	89	85
57 Jordan	43	56	44	47	52	51	44	34
58 Colombia	47	62	46	46	51	52	51	38
59 Guatemala	32	35	46	44	52	53	67	61
60 Ecuador	34	42	45	46	52	51	57	51
61 Paraguay	35	37	46	45	51	52	56	53
62 Korea, Rep. of	28	47	43	37	54	60	66	51
63 Nicaragua	40	48	48	48	50	49	62	51
64 Dominican Rep.	30	44	47	48	50	49	67	61
65 Syrian Arab Rep.	37	46	44	46	52	50	54	51

	Percentage of Population						Percentage of Labor Force in Agriculture	
	In Urban Areas		Below Age 15		Of Working Age (15-64 years)		1960	1970
	1960	1975	1960	1975	1960	1975	1960	1970
66 Peru	47	57	44	44	52	53	53	45
67 Tunisia	32	47	43	44	53	52	57	50
68 Malaysia	26	30	45	44	51	53	63	50
69 Algeria	31	50	44	48	52	49	67	61
70 Turkey	30	43	41	42	55	54	79	71
71 Costa Rica	34	40	48	42	49	55	51	42
72 Chile	69	83	39	36	57	59	30	24
73 China, Rep. of	35	64	45	39	52	61	56	37
74 Jamaica	30	45	42	46	54	48	39	30
75 Lebanon	35	60	41	43	53	52	38	20
76 Mexico	50	63	46	46	51	51	55	45
77 Brazil	45	60	44	42	54	55	52	46
78 Panama	41	51	44	43	52	53	51	42
79 Iraq	43	62	46	47	51	51	53	47
80 Uruguay	73	81	28	28	64	63	21	15
81 Romania	34	45	25	25	65	65	65	49
82 Argentina	71	80	31	29	64	64	20	16
83 Yugoslavia	28	39	31	26	63	66	64	50
84 Portugal	23	29	29	27	63	62	44	33
85 Iran	33	44	45	46	51	51	54	46
86 Hong Kong	88	95	41	32	56	64	8	4
87 Trinidad and Tobago	21	25	43	39	53	56	22	19
88 Venezuela	68	82	46	45	51	53	35	26
89 Greece	43	65	27	23	65	64	56	41
90 Singapore	69	90	43	33	55	63	8	3
91 Spain	57	70	27	27	64	62	42	26
92 Israel	78	84	36	33	59	60	14	10
Industrialized Countries	66	76	26	24	63	64	15	11
93 South Africa	47	50	40	41	56	55	32	31
94 Ireland	46	55	31	30	58	59	36	27
95 Italy	59	67	25	24	66	64	31	19
96 United Kingdom	78	78	23	24	65	62	4	3
97 New Zealand	76	83	33	30	59	61	15	12
98 Japan	63	75	30	25	64	68	33	20
99 Austria	50	53	22	24	66	61	24	15
100 Finland	38	55	30	22	62	67	36	21
101 Australia	80	86	30	28	61	63	11	8
102 Netherlands	75	79	30	26	61	64	11	8
103 France	62	76	26	24	62	63	22	14
104 Belgium	66	72	24	23	65	63	8	5
105 Germany, Fed. Rep.	78	83	21	22	68	64	14	8
106 Norway	37	46	26	24	63	62	20	12
107 Denmark	74	82	25	22	64	64	18	11
108 Canada	69	78	34	27	59	65	13	8
109 United States	70	76	31	25	60	64	7	4
110 Sweden	72	84	22	21	66	64	14	8
111 Switzerland	51	57	24	23	66	65	11	8
Capital Surplus Oil Exporters	23	31	43	45	54	53	53	32
112 Saudi Arabia	12	21	43	45	54	53	72	66
113 Libya	23	31	43	44	53	53	53	32
114 Kuwait	69	89	35	47	63	51	2	2
Centrally Planned Economies	40	57	33	26	61	61	48	39
115 China, People's Rep.	19	24	37	33	58	61	75	68
116 Korea, Dem. Rep.	29	43	44	42	53	55	62	55
117 Albania	31	38	41	41	54	55	71	66
118 Cuba	51	62	36	38	61	56	39	31
119 Mongolia	37	51	42	44	54	53	70	62
120 Hungary	40	48	25	20	66	67	38	25
121 Bulgaria	38	58	26	22	67	67	57	47
122 USSR	49	61	31	26	63	65	42	26
123 Poland	47	57	33	24	61	67	48	39
124 Czechoslovakia	47	58	28	23	64	65	26	17
125 German Dem. Rep.	72	75	21	22	65	61	18	13

Table 15: Demographic Indicators

	Crude Birth Rate Per Thousand Population		Crude Death Rate Per Thousand Population		Percentage Change in:		Total Fertility Rate 1975
	1960	1975	1960	1975	Crude Birth Rate 1960-1975	Crude Death Rate 1960-1975	
Low Income Countries	48	47	26	20	-2.1	-21.1	6.2
1 Bhutan	45	43	27	20	-4.5	-25.9	6.2
2 Cambodia	49	47	22	18	-4.1	-18.2	6.7
3 Lao PDR	44	42	23	22	-4.6	-4.4	6.2
4 Ethiopia	51	49	31	25	-3.9	-19.4	6.7
5 Mali	50	50	30	25	0.0	-16.7	6.7
6 Bangladesh	51	46	25	18	-9.8	-28.0	6.6
7 Rwanda	52	51	28	22	-1.9	-21.4	6.9
8 Somalia	48	48	26	21	0.0	-19.2	6.1
9 Upper Volta	50	49	31	25	-2.0	-19.4	6.5
10 Burma	43	34	22	11	-20.9	-50.0	5.5
11 Burundi	48	48	30	24	0.0	-20.0	6.3
12 Chad	45	44	26	24	-2.2	-7.7	5.3
13 Nepal	46	46	26	20	0.0	-23.1	6.2
14 Benin	51	49	29	22	-3.9	-24.1	6.7
15 Malawi	49	54	30	26	10.2	-13.3	6.1
16 Zaire	47	44	25	20	-6.4	-20.0	5.9
17 Guinea	47	46	29	22	-2.1	-24.1	6.2
18 India	44	36	21	15	-18.2	-28.6	5.7
19 Viet Nam	42	41	21	16	-2.4	-23.8	6.2
20 Afghanistan	48	51	34	31	6.3	-8.8	6.9
21 Niger	52	52	27	25	0.0	-7.4	7.1
22 Lesotho	38	40	24	19	5.3	-20.8	5.1
23 Mozambique	43	43	24	20	0.0	-16.7	5.7
24 Pakistan	49	47	23	16	-4.1	-30.4	7.2
25 Tanzania	51	47	27	19	-7.9	-29.6	6.7
26 Haiti	39	45	20	16	15.4	-20.0	4.9
27 Madagascar	50	50	27	20	0.0	-25.9	6.7
28 Sierra Leone	45	45	25	20	0.0	-20.0	5.9
29 Sri Lanka	36	27	10	9	-25.0	-10.0	4.2
30 Central African Emp.	46	43	29	22	-6.5	-24.1	5.5
31 Indonesia	47	40	23	17	-14.9	-26.1	5.5
32 Kenya	49	50	20	15	2.0	-25.0	7.6
33 Uganda	49	47	21	15	-4.1	-28.6	6.1
34 Yemen Arab Rep.	51	50	28	20	-2.0	-28.6	7.2
Middle Income Countries	45	40	17	12	-9.2	-27.3	6.1
35 Togo	51	50	29	23	-2.0	-20.7	6.7
36 Egypt	44	35	19	13	-20.5	-31.6	5.2
37 Yemen, PDR	51	49	28	20	-3.9	-28.6	7.2
38 Cameroon	43	41	26	21	-4.7	-19.2	5.5
39 Sudan	50	49	22	17	-2.0	-22.7	7.0
40 Angola	50	47	31	24	-6.0	-22.6	6.5
41 Mauritania	45	45	26	24	0.0	-7.7	5.9
42 Nigeria	50	49	26	22	-2.0	-15.4	6.7
43 Thailand	46	34	17	10	-26.1	-41.2	6.3
44 Bolivia	45	44	21	17	-2.2	-19.1	6.2
45 Honduras	53	48	23	14	-9.4	-39.1	7.3
46 Senegal	48	47	25	22	-2.1	-12.0	6.3
47 Philippines	45	36	15	10	-20.0	-33.3	6.4
48 Zambia	50	51	23	19	2.0	-17.4	6.9
49 Liberia	43	50	26	20	16.3	-23.1	5.7
50 El Salvador	49	40	17	10	-18.4	-41.2	6.2
51 Papua New Guinea	44	41	23	17	-6.8	-26.1	6.0
52 Congo, People's Rep.	44	45	26	20	2.3	-23.1	5.8
53 Morocco	50	48	21	14	-4.0	-33.3	7.1
54 Rhodesia	48	47	17	14	-2.1	-17.7	6.6
55 Ghana	50	49	26	21	-2.0	-19.2	6.7
56 Ivory Coast	46	45	25	20	-2.2	-20.0	6.2
57 Jordan	47	47	20	14	0.0	-30.0	7.1
58 Colombia	45	33	12	8	-26.7	-33.3	5.9
59 Guatemala	45	43	17	13	-4.5	-23.5	6.1
60 Ecuador	46	45	14	10	-2.2	-28.6	6.3
61 Paraguay	43	39	13	9	-9.3	-30.8	6.2
62 Korea, Rep. of	41	24	13	8	-41.5	-38.5	4.0
63 Nicaragua	51	46	19	13	-9.8	-31.6	6.9
64 Dominican Rep.	49	38	16	10	-22.5	-37.5	6.9
65 Syrian Arab Rep.	47	46	18	14	-2.1	-22.2	7.1

	Crude Birth Rate Per Thousand Population		Crude Death Rate Per Thousand Population		Percentage Change in:		Total Fertility Rate 1975
	1960	1975	1960	1975	Crude Birth Rate 1960-1975	Crude Death Rate 1960-1975	
66 Peru	43	42	17	13	-2.3	-23.5	5.8
67 Tunisia	47	34	19	13	-27.7	-31.6	6.2
68 Malaysia	39	31	9	6	-20.5	-33.3	5.7
69 Algeria	51	48	20	14	-5.9	-30.0	7.2
70 Turkey	43	34	16	12	-20.9	-25.0	5.8
71 Costa Rica	47	29	10	6	-38.3	-40.0	4.6
72 Chile	37	23	12	8	-37.8	-33.3	3.7
73 China, Rep. of	40	23	7	5	-42.5	-28.6	2.8
74 Jamaica	39	30	10	7	-23.1	-30.0	5.4
75 Lebanon	43	40	14	9	-7.0	-35.7	6.3
76 Mexico	44	40	10	8	-9.1	-20.0	6.5
77 Brazil	40	38	11	8	-5.0	-27.3	5.2
78 Panama	41	31	10	7	-24.4	-30.0	5.1
79 Iraq	49	48	20	14	-2.1	-30.0	7.1
80 Uruguay	23	20	9	9	-13.1	0.0	2.9
81 Romania	22	19	10	9	-13.6	-10.0	2.6
82 Argentina	24	21	9	8	-12.5	-11.1	3.0
83 Yugoslavia	24	18	10	9	-25.0	-10.0	2.4
84 Portugal	24	20	8	11	-16.7	37.5	2.6
85 Iran	47	45	21	15	-4.3	-28.6	6.9
86 Hong Kong	35	18	7	5	-48.6	-28.6	3.0
87 Trinidad and Tobago	38	23	9	6	-39.5	-33.3	3.4
88 Venezuela	46	37	10	7	-19.6	-30.0	5.3
89 Greece	19	16	8	10	-15.8	25.0	2.3
90 Singapore	38	18	8	5	-52.6	-37.5	2.8
91 Spain	21	19	9	9	-9.5	0.0	2.9
92 Israel	27	26	6	7	-3.7	16.7	3.7
Industrialized Countries	18	16	10	10	-13.6	0.0	2.3
93 South Africa	42	42	17	15	0.0	-11.8	5.6
94 Ireland	22	22	12	10	0.0	-16.7	3.7
95 Italy	18	16	10	10	-11.1	0.0	2.3
96 United Kingdom	17	15	12	11	-11.8	-8.3	2.4
97 New Zealand	26	21	9	8	-19.2	-11.1	3.0
98 Japan	18	18	8	7	0.0	-12.5	2.2
99 Austria	18	14	13	12	-22.2	7.7	2.2
100 Finland	19	14	9	9	-26.3	0.0	1.7
101 Australia	22	19	9	8	-13.6	-11.1	2.8
102 Netherlands	21	15	8	8	-28.6	0.0	2.3
103 France	18	16	12	10	-11.1	-16.7	2.5
104 Belgium	17	14	12	12	-17.7	0.0	2.2
105 Germany, Fed. Rep.	17	12	11	12	-29.4	9.1	1.8
106 Norway	18	16	9	10	-11.1	11.1	2.0
107 Denmark	17	15	9	10	-11.8	11.1	1.9
108 Canada	27	17	8	8	-37.0	0.0	2.4
109 United States	24	16	9	9	-33.0	0.0	2.2
110 Sweden	15	13	10	11	-13.3	10.0	2.4
111 Switzerland	18	14	10	10	-22.2	0.0	2.0
Capital Surplus Oil Exporters	48	46	19	14	-5.9	-32.1	7.2
112 Saudi Arabia	51	48	28	19	-5.9	-32.1	7.2
113 Libya	48	44	19	14	-8.3	-26.3	6.8
114 Kuwait	44	46	10	5	4.5	-50.0	7.2
Centrally Planned Economies	24	18	10	9	-16.1	0.0	2.4
115 China, People's Rep.	31	26	16	9	-16.1	-43.8	3.8
116 Korea, Dem. Rep.	41	37	13	9	-9.8	-30.8	5.2
117 Albania	40	32	11	7	-20.0	-36.4	4.9
118 Cuba	33	21	9	6	-36.4	-33.3	4.0
119 Mongolia	41	38	17	9	-7.3	-47.1	5.6
120 Hungary	16	16	10	12	0.0	20.0	2.0
121 Bulgaria	18	16	9	10	-11.1	11.1	2.2
122 USSR	24	18	8	8	-25.0	0.0	2.4
123 Poland	24	18	9	9	-25.0	0.0	2.1
124 Czechoslovakia	17	17	10	11	0.0	10.0	2.2
125 German Dem. Rep.	17	12	13	13	-29.4	0.0	2.1

Table 16: Population Projections, 1976-2000, and Hypothetical Stationary Population^a

	Mid-1976 Population (millions)	Projected Population in year 2000 (millions)	Hypothetical Size of Stationary Population (millions)	Assumed Year when Net Reproduction Rate of 1 is Reached	Year when Stationary Population is Reached
Low Income Countries					
1 Bhutan	1	2	5	2035	2165
2 Cambodia	8	15	33	2035	2160
3 Lao PDR	3	5	11	2035	2180
4 Ethiopia	29	54	184	2050	2175
5 Mali	6	11	37	2050	2175
6 Bangladesh	80	146	334	2035	2165
7 Rwanda	4	8	26	2050	2170
8 Somalia	3	7	22	2050	2170
9 Upper Volta	6	9	26	2050	2175
10 Burma	31	50	91	2020	2145
11 Burundi	4	7	19	2050	2175
12 Chad	4	6	14	2035	2180
13 Nepal	13	22	50	2035	2160
14 Benin	3	5	12	2035	2170
15 Malawi	5	9	28	2050	2175
16 Zaire	25	47	157	2050	2165
17 Guinea	6	10	29	2050	2170
18 India	620	958	1,593	2020	2150
19 Viet Nam	48	86	201	2035	2125
20 Afghanistan	14	24	68	2050	2175
21 Niger	5	9	33	2050	2175
22 Lesotho	1	2	5	2035	2160
23 Mozambique	10	17	50	2040	2135
24 Pakistan	71	135	315	2035	2155
25 Tanzania	15	32	113	2050	2160
26 Haiti	5	9	19	2035	2130
27 Madagascar	9	19	70	2050	2165
28 Sierra Leone	3	5	12	2035	2160
29 Sri Lanka	14	21	28	2010	2095
30 Central African Emp.	2	3	10	2050	2175
31 Indonesia	135	198	330	2020	2165
32 Kenya	14	31	121	2050	2120
33 Uganda	12	23	61	2035	2150
34 Yemen Arab Rep.	6	9	26	2050	2145
Middle Income Countries					
35 Togo	2	4	12	2040	2150
36 Egypt	38	59	89	2005	2100
37 Yemen, PDR	2	3	9	2040	2130
38 Cameroon	8	13	37	2040	2155
39 Sudan	16	30	67	2025	2115
40 Angola	6	12	37	2040	2160
41 Mauritania	1	2	6	2040	2155
42 Nigeria	77	154	478	2040	2155
43 Thailand	43	76	129	2015	2080
44 Bolivia	6	9	25	2040	2100
45 Honduras	3	7	20	2040	2100
46 Senegal	5	9	24	2040	2155
47 Philippines	43	75	126	2015	2080
48 Zambia	5	11	38	2040	2135
49 Liberia	2	3	9	2040	2135
50 El Salvador	4	7	13	2015	2075
51 Papua New Guinea	3	5	10	2025	2120
52 Congo, People's Rep.	1	3	8	2040	2135
53 Morocco	17	35	72	2025	2115
54 Rhodesia	7	15	48	2040	2105
55 Ghana	10	20	59	2040	2135
56 Ivory Coast	7	14	41	2040	2135
57 Jordan	3	5	11	2025	2110
58 Colombia	24	37	53	2005	2065
59 Guatemala	7	12	26	2025	2090
60 Ecuador	7	15	31	2025	2080
61 Paraguay	3	5	8	2015	2075
62 Korea, Rep. of	36	53	73	2005	2070
63 Nicaragua	2	5	12	2025	2110
64 Dominican Rep.	5	9	17	2015	2075
65 Syrian Arab Rep.	8	15	31	2025	2085

	Mid-1976 Population	Projected Population in year 2000	Hypothetical Size of Stationary Population (millions)	Assumed Year when Net Reproduction Rate of 1 is Reached	Year when Stationary Population is Reached
	(millions)	(millions)	(millions)		
66 Peru	16	29	56	2025	2085
67 Tunisia	6	9	15	2005	2095
68 Malaysia	13	19	28	2005	2095
69 Algeria	16	35	100	2040	2100
70 Turkey	41	63	97	2005	2095
71 Costa Rica	2	3	5	2005	2065
72 Chile	11	15	20	2005	2065
73 China, Rep. of	16	25	33	2005	2065
74 Jamaica	2	4	6	2005	2065
75 Lebanon	3	5	9	2010	2070
76 Mexico	62	126	254	2020	2075
77 Brazil	110	205	353	2010	2070
78 Panama	2	3	4	2005	2070
79 Iraq	12	25	65	2030	2090
80 Uruguay	3	4	4	2005	2065
81 Romania	21	26	32	2005	2075
82 Argentina	26	33	40	2005	2070
83 Yugoslavia	22	26	30	2005	2095
84 Portugal	10	12	14	2005	2090
85 Iran	34	60	103	2010	2100
86 Hong Kong	5	6	8	2005	2060
87 Trinidad and Tobago	1	2	2	2005	2065
88 Venezuela	12	24	43	2010	2070
89 Greece	9	10	11	2005	2065
90 Singapore	2	3	4	2005	2060
91 Spain	36	45	56	2005	2065
92 Israel	4	5	7	2005	2060
Industrialized Countries					
93 South Africa	26	46	81	2010	2075
94 Ireland	3	4	6	2005	2095
95 Italy	56	63	68	2005	2065
96 United Kingdom	56	61	66	2005	2040
97 New Zealand	3	4	6	2005	2070
98 Japan	113	133	141	2005	2045
99 Austria	8	8	8	2005	2035
100 Finland	5	5	5	2005	2015
101 Australia	14	17	21	2005	2070
102 Netherlands	14	16	17	2005	2030
103 France	53	60	66	2005	2055
104 Belgium	10	10	11	2005	2030
105 Germany, Fed. Rep.	62	63	63	2005	2005
106 Norway	4	4	5	2005	2045
107 Denmark	5	6	6	2005	2030
108 Canada	23	28	31	2005	2040
109 United States	215	254	276	2005	2035
110 Sweden	8	8	9	2005	2015
111 Switzerland	6	7	7	2005	2015
Capital Surplus Oil Exporters					
112 Saudi Arabia	9	19	48	2030	2120
113 Libya	3	5	13	2030	2090
114 Kuwait	1	2	7	2030	2090
Centrally Planned Economies					
115 China, People's Rep.	836	1,093	1,398	2005	2090
116 Korea, Dem. Rep.	16	26	40	2005	2095
117 Albania	3	4	6	2005	2065
118 Cuba	10	14	19	2005	2070
119 Mongolia	2	2	4	2005	2070
120 Hungary	11	11	12	2005	2030
121 Bulgaria	9	10	11	2005	2075
122 USSR	257	320	373	2005	2065
123 Poland	34	41	47	2005	2060
124 Czechoslovakia	15	17	20	2005	2075
125 German Dem. Rep.	17	17	17	2005	2010
TOTAL	4,020	5,916	10,059		

* For the assumptions used in the projections, see Technical Notes.

Table 17: Health-Related Indicators

	Life Expectancy at Birth		Mortality Rates Per Thousand ^a				Population Per:				Percentage of Population with Access to Safe Water
			Infants Aged 0-1		Children Aged 1-4		Physician ^a		Nursing Person ^a		
	1960	1975	1960	1975	1960	1975	1960	1974	1960	1974	1975
Low Income Countries	36	44	142	122	..	..	37,000	21,185	4,515	6,710	25
1 Bhutan	36	44	..	..	..	..	..	..	..	..	..
2 Cambodia	41	45	..	..	..	..	..	15,910	..	..	..
3 Lao PDR	40	40	..	..	..	..	..	21,570	..	..	..
4 Ethiopia	34	38	..	..	..	..	91,000	69,340	..	..	8
5 Mali	35	38	123	120	..	..	39,000	33,000	1,490	2,480	..
6 Bangladesh	39	42	..	140	..	..	..	9,350	..	75,460	56
7 Rwanda	36	41	..	133	..	..	144,000	53,550	11,680	11,480	68
8 Somalia	35	41	..	..	..	..	30,000	15,560	2,010	..	38
9 Upper Volta	32	38	182	..	..	..	100,000	59,570	4,370	4,520	25
10 Burma	43	50	..	56	31	..	9,900	6,910	..	7,040	17
11 Burundi	34	39	..	138	..	..	63,000	45,990	..	7,090	..
12 Chad	34	39	..	..	..	..	70,000	44,370	..	6,990	26
13 Nepal	36	44	..	..	..	..	72,000	36,450	..	36,770	8
14 Benin	34	41	110	..	45	..	47,000	36,060	..	3,220	34
15 Malawi	35	41	..	142	..	..	33,000	..	..	6,550	..
16 Zaire	40	44	104	..	..	..	63,000	27,950	..	11,770	19
17 Guinea	34	41	156	..	..	..	48,000	22,380	..	4,230	14
18 India	42	50	139	122	44	..	5,800	4,160	9,610	6,530	31
19 Viet Nam	40	45	..	..	..	..	..	..	..	..	..
20 Afghanistan	33	35	..	269	..	24	40,000	26,100	32,030	28,410	9
21 Niger	36	39	200	162	..	..	71,000	41,060	8,800	4,840	27
22 Lesotho	38	46	..	114	..	..	..	20,320	..	2,970	17
23 Mozambique	36	44	..	93	..	..	21,000	16,680	4,660	..	..
24 Pakistan	42	51	142	113	..	17	11,000	3,970	..	11,350	25
25 Tanzania	37	45	190	..	..	..	20,000	20,800	..	3,180	39
26 Haiti	43	50	200	150	27	..	10,600	8,510	11,880	6,920	12
27 Madagascar	36	44	69	53	..	..	8,800	11,610	3,130	3,580	25
28 Sierra Leone	36	44	..	..	..	..	26,000	..	..	..	..
29 Sri Lanka	61	68	57	45	1	..	4,500	6,295	4,150	2,532	19
30 Central African Emp.	35	41	200	..	27	..	37,000	27,970	4,300	2,260	..
31 Indonesia	40	48	82	..	..	..	41,000	18,160	..	8,630	11
32 Kenya	43	50	..	51	..	2	10,000	5,800	2,320	1,300	17
33 Uganda	43	50	160	..	..	..	15,000	20,690	9,450	6,870	35
34 Yemen Arab Rep.	37	45	..	160	..	..	..	26,440	..	11,400	..
Middle Income Countries	49	58	72	46	10	5	3,050	2,430	2,235	1,570	52
35 Togo	34	41	127	121	45	..	34,000	22,280	..	2,490	16
36 Egypt	45	52	109	101	39	..	2,600	2,340	..	4,420	..
37 Yemen, PDR	37	45	..	40	..	..	..	..	..	..	..
38 Cameroon	36	41	72	..	..	..	34,000	26,220	5,210	2,270	..
39 Sudan	41	49	159	132	..	..	31,000	12,370	..	1,550	..
40 Angola	32	39	..	24	..	..	14,000	15,170	..	1,870	..
41 Mauritania	36	39	..	..	..	..	30,000	17,770	7,130	3,790	..
42 Nigeria	34	41	207	163	..	..	32,000	25,440	6,020	6,230	..
43 Thailand	49	58	49	27	10	5	7,800	8,530	4,900	4,330	25
44 Bolivia	42	47	..	..	11	7	3,900	2,120	..	3,520	34
45 Honduras	41	54	52	34	14	9	5,400	3,360	1,790	1,540	41
46 Senegal	36	40	193	158	..	..	35,000	15,360	4,110	1,920	..
47 Philippines	49	58	85	72	10	7	1,600	..	1,590	..	40
48 Zambia	39	45	..	..	..	..	12,860	8,110	..	2,430	42
49 Liberia	37	44	..	159	29	17	12,000	11,500	5,710	4,500	..
50 El Salvador	47	58	76	58	17	7	5,400	4,070	2,030	1,140	53
51 Papua New Guinea	39	48	..	..	..	..	..	11,340	..	2,290	20
52 Congo, People's Rep.	36	44	200	..	..	..	13,000	6,160	1,460	640	38
53 Morocco	45	53	149	117	..	..	9,700	13,800	2,190	..	..
54 Rhodesia	44	52	..	..	..	..	..	5,700	..	..	..
55 Ghana	37	44	113	63	..	..	21,000	11,220	..	870	35
56 Ivory Coast	36	44	..	..	..	..	22,000	15,270	3,170	2,220	..
57 Jordan	46	53	54	22	5	..	5,900	2,440	..	1,020	..
58 Colombia	55	61	100	56	12	8	2,400	2,180	3,741	1,920	64
59 Guatemala	44	53	92	75	28	26	4,200	..	..	..	39
60 Ecuador	51	60	100	70	22	15	2,600	2,840	2,280	2,880	36
61 Paraguay	54	62	90	84	6	3	2,300	2,220	..	2,340	13
62 Korea, Rep. of	53	61	58	38	..	..	3,000	2,010	..	1,500	66
63 Nicaragua	46	53	70	46	9	..	2,700	1,720	..	760	46
64 Dominican Rep.	49	58	101	43	12	6	1,600	1,870	..	..	55
65 Syrian Arab Rep.	46	54	31	22	..	4	4,600	2,910	..	2,620	..

	Life Expectancy at Birth		Mortality Rates Per Thousand ^a				Population Per:				Percentage of Population with Access to Safe Water
	1960	1975	Infants Aged 0-1		Children Aged 1-4		Physician ^a		Nursing Person ^a		1975
			1960	1975	1960	1975	1960	1974	1960	1974	
66 Peru	49	56	92	65	16	6	..	1,800	..	2,870	47
67 Tunisia	46	54	74	63	..	..	10,000	6,350	..	980	..
68 Malaysia	52	59	69	35	6	4	6,500	4,400	2,600	1,570	34
69 Algeria	46	53	36	..	12	..	8,770	..	..	..	77
70 Turkey	49	57	..	..	16	..	3,000	2,130	..	1,240	68
71 Costa Rica	61	68	71	38	7	3	2,600	1,580	1,700	640	72
72 Chile	56	63	125	79	10	3	1,810	2,420	650	470	70
73 China, Rep. of	64	71	31	14	8	2	1,690	1,592	7,270	3,740	..
74 Jamaica	63	70	52	20	..	8	2,600	3,510	440	540	86
75 Lebanon	57	63	..	..	12	8	1,000	1,330	..	3,670	..
76 Mexico	56	63	74	50	15	10	1,700	..	7,210	..	62
77 Brazil	56	61	70	..	..	..	3,600	1,660	..	..	..
78 Panama	61	67	57	36	10	6	2,700	1,240	..	1,440	77
79 Iraq	45	53	..	104	2	..	5,600	2,370	6,680	3,310	66
80 Uruguay	67	70	47	48	2	1	1,100	910	..	..	98
81 Romania	64	69	75	35	5	2	740	630	300	180	..
82 Argentina	65	68	62	59	4	3	660	450	760	1,040	66
83 Yugoslavia	62	68	88	41	5	2	1,500	850	1,350	450	..
84 Portugal	62	68	78	38	5	2	1,300	850	1,430	810	..
85 Iran	44	51	..	120	..	..	3,800	2,570	..	1,910	51
86 Hong Kong	63	70	38	15	2	1	3,100	1,490	3,040	1,550	..
87 Trinidad and Tobago	62	70	45	38	3	2	2,550	..	..	..	93
88 Venezuela	57	65	54	46	6	5	1,500	870	..	470	..
89 Greece	68	72	40	24	..	1	790	500	1,260	1,280	..
90 Singapore	63	70	35	14	2	1	2,400	1,400	650	390	..
91 Spain	68	72	44	12	..	1	1,000	670	..	..	100
92 Israel	68	71	31	22	..	..	410	350	..	..	..
Industrialized Countries	70	72	25	15	1	1	860	650	390	230	..
93 South Africa	47	52	..	..	..	..	2,000	1,970	490	440	..
94 Ireland	69	72	29	18	1	1	950	850	180	..	..
95 Italy	69	72	44	21	2	1	610	500	920	390	..
96 United Kingdom	70	72	23	16	1	1	960	750	420	270	..
97 New Zealand	71	72	23	16	1	1	700	850	..	160	..
98 Japan	67	73	31	10	3	1	920	870	460	330	..
99 Austria	68	71	38	21	1	1	550	500	600	300	..
100 Finland	68	70	21	10	1	1	1,600	750	220	130	..
101 Australia	70	72	20	17	1	1	860	720	..	..	..
102 Netherlands	73	74	18	11	1	1	900	670	..	320	..
103 France	70	73	27	14	1	1	930	680	..	190	..
104 Belgium	70	73	31	15	1	1	780	570	..	..	..
105 Germany, Fed. Rep.	69	71	34	20	1	1	690	520	450	280	..
106 Norway	73	75	19	11	1	1	840	610	330	150	..
107 Denmark	72	74	22	10	1	1	810	620	270	120	..
108 Canada	71	72	27	15	1	1	910	600	300	140	..
109 United States	70	71	26	16	1	1	780	610	340	160	..
110 Sweden	72	73	17	8	1	..	1,100	650	..	150	..
111 Switzerland	71	72	21	11	1	1	740	590	390	300	..
Capital Surplus Oil Exporters	45	53	..	..	..	..	5,800	1,140	..	340	87
112 Saudi Arabia	37	45	..	..	..	..	13,000	6,660	..	5,510	64
113 Libya	45	53	..	..	..	..	5,800	1,140	2,040	340	87
114 Kuwait	58	67	..	44	4	1	760	1,140	190	290	89
Centrally Planned Economies	66	70	..	..	..	..	830	480	530	245	..
115 China, People's Rep.	51	62	..	..	..	..	..	..	..	..	..
116 Korea, Dem. Rep.	53	61	..	..	..	..	..	..	..	..	..
117 Albania	61	69	..	..	..	..	3,600	1,200	530	520	..
118 Cuba	62	70	..	..	..	..	1,200	..	910	..	..
119 Mongolia	50	61	..	..	..	..	..	..	..	..	..
120 Hungary	67	70	..	..	..	..	640	460	440	220	..
121 Bulgaria	67	72	..	..	..	..	710	480	550	270	..
122 USSR	68	70	..	..	..	..	520	340	340	210	..
123 Poland	66	70	..	..	..	..	1,100	590	660	270	..
124 Czechoslovakia	69	70	..	..	..	..	570	430	280	170	..
125 German Dem. Rep.	68	73	..	..	..	..	950	560	..	..	..

^aData reported for a number of countries are for years other than those specified. See Technical Notes.

Table 18: Education

	Numbers Enrolled in Primary School as Percentage of Age Group ^a				Numbers Enrolled in Secondary School as Percentage of Age Group ^a		Numbers Enrolled in Higher Education as Percentage of Population Aged 20-24 ^a		Adult Literacy Rate ^a	
	Total		Female		1960	1975	1960	1975	(percent)	
	1960	1975	1960	1975					1960	1974
Low Income Countries	30	52	16	41	2	8	(.)	1	10	23
1 Bhutan	3	8	(.)	4	..	..	..	..	..	..
2 Cambodia	64	38	41	32	3	9	1	2	..	..
3 Lao PDR	25	57	16	47	1	5	(.)	(.)	20	..
4 Ethiopia	5	23	3	14	1	6	(.)	(.)	..	7
5 Mali	7	22	4	16	2	3	..	1	5	10
6 Bangladesh	47	73	26	51	8	25	1	3	..	23
7 Rwanda	49	58	30	54	2	2	..	(.)	10	23
8 Somalia	9	58	5	41	1	4	(.)	1	..	50
9 Upper Volta	8	14	5	11	1	2	..	(.)	7	..
10 Burma	56	85	52	81	10	26	1	2	58	67
11 Burundi	18	23	9	17	1	3	(.)	(.)	10	10
12 Chad	16	37	4	20	(.)	2	..	(.)	..	15
13 Nepal	10	27	3	10	6	18	1	2	10	19
14 Benin	26	44	15	28	2	11	..	1	..	10
15 Malawi	63	61	45	48	1	3	..	(.)	..	25
16 Zaire	60	90	38	66	3	11	(.)	1	..	15
17 Guinea	30	28	16	18	2	14	..	1	7	..
18 India	41	65	27	52	23	29	2	5	24	36
19 Viet Nam	..	..	..	..	..	..	..	..	..	..
20 Afghanistan	9	23	2	7	1	8	(.)	1	8	14
21 Niger	5	17	3	12	(.)	2	..	(.)	5	..
22 Lesotho	83	102	103	144	3	12	(.)	1	..	40
23 Mozambique	48	52	36	35	2	6	..	(.)	..	..
24 Pakistan	30	51	13	31	11	15	1	3	16	21
25 Tanzania	24	57	16	46	2	3	..	(.)	17	63
26 Haiti	46	50	42	44	4	4	(.)	..	10	20
27 Madagascar	52	80	45	85	4	11	(.)	1	..	40
28 Sierra Leone	23	35	15	28	3	11	(.)	1	7	15
29 Sri Lanka	95	77	90	77	27	54	1	1	61	78
30 Central African Emp.	32	79	12	53	1	8	..	(.)	15	..
31 Indonesia	67	81	55	75	6	18	1	2	47	62
32 Kenya	47	109	30	101	2	13	(.)	1	..	40
33 Uganda	49	53	32	43	3	6	(.)	1	25	25
34 Yemen Arab Rep.	8	25	(.)	6	(.)	3	..	(.)	10	10
Middle Income Countries	79	97	74	91	12	35	2	7	61	63
35 Togo	44	98	24	68	2	19	..	(.)	10	12
36 Egypt	66	72	52	55	16	40	5	13	20	40
37 Yemen, PDR	13	78	5	48	5	19	..	1	..	10
38 Cameroon	65	111	43	97	2	12	..	1	..	12
39 Sudan	25	40	14	27	3	11	(.)	2	..	15
40 Angola	21	79	13	57	2	11	(.)	1	..	..
41 Mauritania	8	17	3	9	(.)	3	..	..	5	10
42 Nigeria	36	49	27	39	3	10	(.)	1	25	..
43 Thailand	136	78	128	75	8	25	2	2	68	82
44 Bolivia	64	72	50	65	12	31	4	10	..	40
45 Honduras	67	89	67	88	8	13	1	4	47	61
46 Senegal	27	53	17	42	3	11	1	2	5	10
47 Philippines	95	105	93	103	26	56	13	20	72	87
48 Zambia	48	96	38	86	1	14	..	1	41	43
49 Liberia	31	62	18	44	2	16	(.)	2	9	15
50 El Salvador	80	71	77	69	11	18	1	8	51	63
51 Papua New Guinea	70	59	60	44	1	12	..	3	..	32
52 Congo, People's Rep.	78	153	53	140	4	46	1	3	..	50
53 Morocco	47	61	27	44	5	16	1	3	17	26
54 Rhodesia	98	99	87	87	6	9	(.)	..	..	..
55 Ghana	59	60	39	53	3	35	(.)	1	..	25
56 Ivory Coast	46	86	24	64	2	17	(.)	2	9	20
57 Jordan	78	83	59	77	25	42	1	4	32	62
58 Colombia	77	105	77	108	12	36	2	7	..	74
59 Guatemala	45	62	40	56	7	13	2	4	38	47
60 Ecuador	83	102	79	100	12	38	3	8	67	69
61 Paraguay	98	106	90	102	11	20	2	6	74	81
62 Korea, Rep. of	94	109	88	109	27	59	5	10	71	92
63 Nicaragua	66	85	66	87	7	21	1	6	38	57
64 Dominican Rep.	98	104	98	105	7	19	1	9	..	51
65 Syrian Arab Rep.	65	102	39	81	16	48	4	11	30	53

	Numbers Enrolled in Primary School as Percentage of Age Group ^a				Numbers Enrolled in Secondary School as Percentage of Age Group ^a		Numbers Enrolled in Higher Education as Percentage of Population Aged 20-24 ^a		Adult Literacy Rate ^a	
	Total		Female		1960	1975	1960	1975	(percent)	
	1960	1975	1960	1975					1960	1975	1960	1974
66 Peru	83	111	71	106	18	46	4	14	61	72
67 Tunisia	66	95	43	75	12	20	1	4	..	55
68 Malaysia	96	93	83	91	19	41	1	3	23	60
69 Algeria	46	89	37	72	8	19	(.)	3	..	35
70 Turkey	75	104	58	94	14	30	3	7	40	55
71 Costa Rica	96	109	95	109	21	52	5	17	84	89
72 Chile	109	119	107	118	24	48	4	17	84	90
73 China, Rep. of	67	..	47	..	37	..	..	..	54	82
74 Jamaica	82	111	83	112	43	54	2	7	82	86
75 Lebanon	109	132	104	125	19	38	6	23	..	68
76 Mexico	80	112	77	109	11	35	3	9	62	76
77 Brazil	95	90	93	90	11	18	2	10	61	64
78 Panama	96	124	94	120	29	54	5	18	78	82
79 Iraq	65	93	36	63	19	35	2	9	15	26
80 Uruguay	111	103	112	103	37	62	8	14	90	91
81 Romania	98	109	95	109	24	62	5	9	..	98
82 Argentina	98	108	99	109	31	55	11	28	91	93
83 Yugoslavia	96	97	91	93	34	54	9	19	77	85
84 Portugal	131	96	129	94	20	81	4	9	62	70
85 Iran	41	90	27	67	12	37	1	5	15	50
86 Hong Kong	91	120	85	119	24	69	4	9	71	90
87 Trinidad and Tobago	110	111	109	111	22	39	1	3	..	90
88 Venezuela	100	96	100	96	21	43	4	19	65	82
89 Greece	105	105	103	104	41	76	4	14	80	82
90 Singapore	112	111	102	108	32	53	6	8	..	75
91 Spain	111	115	116	115	23	78	4	18	87	94
92 Israel	98	128	97	129	48	39	10	24	84	84
Industrialized Countries	108	104	106	103	53	83	9	22	..	99
93 South Africa	89	107	85	107	15	96	3	5	..	..
94 Ireland	110	108	113	108	35	65	9	16	..	98
95 Italy	111	107	110	106	34	71	7	24	91	98
96 United Kingdom	95	116	94	116	67	76	9	16	..	98
97 New Zealand	108	111	106	110	73	83	13	27	..	99
98 Japan	103	100	103	100	74	95	10	25	98	99
99 Austria	105	102	105	102	50	75	8	17	..	99
100 Finland	97	87	95	84	75	107	7	17	99	100
101 Australia	103	98	104	98	51	71	13	22	..	100
102 Netherlands	105	100	104	100	58	86	13	24	..	99
103 France	144	109	143	109	46	85	8	18	..	99
104 Belgium	109	105	108	105	69	84	9	22	..	99
105 Germany, Fed. Rep.	133	129	134	128	53	70	6	20	..	99
106 Norway	118	102	119	102	53	90	7	21	..	99
107 Denmark	105	102	104	102	56	59	10	28	..	99
108 Canada	118	104	115	103	50	94	16	35	..	98
109 United States	118	104	..	..	64	91	32	54	98	99
110 Sweden	96	97	97	98	55	70	9	22	..	99
111 Switzerland	118	92	119	93	38	69	7	8	..	99
Capital Surplus										
Oil Exporters	59	90	24	84	9	45	(.)	7	..	..
112 Saudi Arabia	12	44	2	32	2	16	(.)	3	..	15
113 Libya	59	145	24	135	9	45	1	7	22	..
114 Kuwait	119	90	110	84	38	60	0	7	47	55
Centrally Planned Economies	100	99	100	99	47	62	9	16	..	..
115 China, People's Rep.	..	..	..	..	..	..	..	..	..	..
116 Korea, Dem. Rep.	..	..	..	..	..	..	..	..	..	..
117 Albania	94	106	86	103	20	43	5	17	..	..
118 Cuba	109	126	109	123	14	35	3	9	..	..
119 Mongolia	79	85	80	85	51	94	8	6	..	..
120 Hungary	101	99	100	99	47	62	7	11	97	98
121 Bulgaria	93	96	92	96	55	87	11	19	..	..
122 USSR	100	99	100	99	73	71	11	22	98	99
123 Poland	109	100	107	99	50	53	9	16	98	98
124 Czechoslovakia	93	96	93	97	25	35	11	11	95	..
125 German Dem. Rep.	112	95	113	96	39	90	16	25	..	..

^a Data reported for a number of countries are for years other than those specified. See Technical Notes.

These notes outline the scope of the data presented in the tables and indicate the methodology and concepts used in their preparation. The sources cited in the Bibliography following the notes carry comprehensive definitions and descriptions of the concepts employed.

While the statistics and measures in this volume have been selected carefully, consistent with coverage of a large number of countries over extended time periods, readers are urged to exercise great care in interpreting them, particularly in comparing indicators across countries, since statistical practices, definitions, methodology, and coverage differ widely among countries. The statistical systems in many developing countries still are weak, and this affects the reliability of the data.

Country Groupings and Coverage

The 125 countries covered are grouped as follows:

—Developing Countries with populations over a million¹ are divided on the basis of 1976 per capita gross national product (GNP) into:

Low Income Countries—with per capita income of US\$250 and below (34 countries)

Middle Income Countries—with per capita income above US\$250 (58 countries)

—Industrialized Countries (19 countries)

—Major Capital Surplus Oil Exporting Countries (3 countries)

—Centrally Planned Economies (11 countries)¹

Within each group, countries are listed in ascending order of per capita GNP in 1976 (see *World Bank Atlas, 1977*), except for Cambodia, Lebanon, and Viet Nam, for which 1974 estimates of per capita GNP are the most recent available. Countries are listed in this same order in all the tables. They are shown alphabetically, with their reference numbers, on the page preceding the table of Contents.

Countries with populations under one million are not covered in the tables, but basic data for

¹Albania, Cuba, the Democratic Republic of Korea, Mongolia, and the People's Republic of China are grouped with other centrally planned economies. Romania and Yugoslavia are grouped with the developing countries. Capital surplus oil exporting countries are shown in a separate category.

small countries which are members of the United Nations and/or the World Bank are given in the Notes to Table 1 below.

Calculation of Growth Rates

Most growth rates have been calculated for two time periods: 1960 to 1970, and 1970 to 1976, or 1975 when data for 1976 were not available. All growth rates shown are in real terms and have been computed using the least-squares method.²

By using the least-squares method, all observations within the relevant time period have been taken into account, and the resulting growth rates reflect general trends without being unduly influenced by cyclical factors or exceptional variations in a particular year.

Median Values

The median value is the central value of a set of values that have been arranged in order of magnitude. For each indicator and group of countries, the values for individual countries are simply arranged from the largest to the smallest and the median located as that which exceeds half the values and is exceeded by half the values. Where there is an odd number of countries, the median is the middle item; where there is an even number, the median is half-way between (i.e., the mean of) the two middle items.

Table 1: Basic Indicators

The population estimates for mid-1976 are from the *World Bank Atlas, 1977*, with minor revisions to reflect more recent information.

The data on area are from the *UN Demographic Yearbook, 1975*.

Gross national product (GNP) measures the total domestic and foreign output claimed by residents of a country. It comprises Gross Domestic Product (see below) plus the factor in-

²The least-squares growth rate is calculated by regressing all the values of the variable studied within the relevant period over time using the following logarithmic form:

$$\text{Log } X_t = a + bt + e_t$$

where:

X_t = variable
 t = time
 e = error term
 b = slope coefficient

then, $r = (\text{antilog } b) - 1$

Thus, $(\text{ant. } b) - 1$ provides a least-squares estimate of the growth rate.

come (such as investment receipts and workers' remittances) accruing to residents from abroad, less the income earned in the domestic economy accruing to persons abroad.

Gross domestic product (GDP) measures the total final output of goods and services produced by the country's economy—that is, within the country's territory by residents and non-residents, regardless of its allocation between domestic and foreign claims. The value of both GDP and GNP is calculated without making deductions for the value of expenditure on capital goods for replacement purposes.

Population, incomes, and surface area of small UN/World Bank member countries are as follows:

**UN/World Bank Members with
Population Under 1 Million**

	Population	GNP Per	Area
	(millions)	(US dollars)	(thousand square kilometers)
	Mid-1976	1976	
Maldives	0.1	120	(.)
Guinea-Bissau	0.5	140	36
Comoros	0.3	180	2
Gambia, The	0.5	180	11
Cape Verde	0.3	270	4
Equatorial Guinea	0.3	330	28
Western Samoa	0.2	350	3
Botswana	0.7	410	600
Grenada	0.1	420	(.)
Swaziland	0.5	470	17
Sao Tomé and Príncipe	0.1	490	1
Guyana	0.8	540	215
Seychelles	0.1	610	(.)
Mauritius	0.9	680	2
Fiji	0.6	1,150	18
Surinam	0.4	1,370	163
Cyprus	0.6	1,480	9
Barbados	0.2	1,550	(.)
Malta	0.3	1,780	(.)
Bahrain	0.3	2,140	1
Djibouti	0.1	2,160	22
Gabon	0.5	2,590	268
Oman	0.8	2,680	213
Bahamas	0.2	3,310	14
Iceland	0.2	6,100	103
Luxembourg	0.4	6,460	3
Qatar	0.2	11,400	11
United Arab Emirates	0.7	13,990	84

The estimates of GNP underlying the 1976 GNP *per capita* figures and the *real growth rates of GNP per capita* have been prepared by the World Bank on the basis of national accounts series compiled by national statistical offices, supplemented by data gathered on World Bank missions.

The 1976 GNP *per capita* figures are taken from the *World Bank Atlas, 1977*, and calculated

in the following manner: 1976 GNP in national currency units is first expressed in weighted average prices for the base period 1974-76, converted into US dollars at the weighted average exchange rate for this period, and then adjusted for US inflation between the 1974-76 base period and the current year, 1976. The resulting estimate of GNP is then divided by the mid-1976 population. This method is designed to reduce the impact of temporary under- or over-valuations of a particular national currency and generally assures a greater degree of comparability of GNP *per capita* estimates among countries.

The conversion of the GNP of different countries to a common denominator is known to create distortions. The UN's International Comparison Project (ICP), in which the World Bank has been a major participant, is designed to provide more realistic comparisons of income levels based on comparisons of purchasing power.¹ To date work has been completed for 16 countries, based on 152 detailed categories of expenditure in each country.

The table on the next page provides examples of the differences between the conventionally computed GNP *per capita* data for 1970 and 1973, and incomes as calculated using the ICP methodology.

The index of *per capita food production* shows the average annual quantity of food produced *per capita* in the years 1974-76 as a percentage of the average annual amount produced in 1965-67. The estimates are derived from those of the UN Food and Agriculture Organization, which are calculated by dividing indexes of the quantity of food production (comprising cereals, starchy roots, sugar, pulses, edible oil crops, nuts, fruits, vegetables, wine, beverages, livestock, and livestock products) by indexes of population.

The data on *growth of energy production* and the *per capita consumption of energy* are taken from the UN. They refer to commercial forms of primary energy: coal and lignite, crude petroleum, natural gas and natural gas liquids, and hydro and nuclear electricity, converted into coal equivalent. The use of firewood and other traditional fuels, substantial in certain developing countries, is not taken into account.

The *average annual rate of inflation* is the "implicit GDP deflator," which is calculated by dividing, for each year of the period in question, the value of GDP in current market prices by the

¹For a detailed description of the methodology, see I. B. Kravis, A. Heston, and R. Summers, *International Comparisons of Real Product and Purchasing Power* (Baltimore and London: The Johns Hopkins University Press, 1978). This book contains the results of Phase 2 of the United Nations International Comparison Project.

**Per Capita GNP Converted to US Dollars at Official Exchange Rates, and
Per Capita GDP in "International" Dollars, 1970 and 1973**

	1970			1973		
	(1) US Dollars ^a	(2) International Dollars ^b	(3) Ratio (2):(1)	(1) US Dollars ^a	(2) International Dollars ^b	(3) Ratio (2):(1)
Kenya	143	303	2.1	183	378	2.1
India	97	335	3.5	112	404	3.6
Philippines	228	572	2.5	294	763	2.6
Korea, Rep. of	277	593	2.1	411	932	2.3
Colombia	347	858	2.5	452	1,126	2.5
Malaysia	437	915	2.1	609	1,185	1.9
Iran	665	975	1.5	1,156	1,797	1.6
Hungary	1,326	2,045	1.5	1,712	2,796	1.6
Italy	1,908	2,326	1.2	2,398	2,889	1.2
Japan	2,630	2,833	1.1	3,760	4,022	1.1
United Kingdom	2,503	3,027	1.2	3,204	3,742	1.2
Netherlands	3,774	3,293	0.9	4,813	4,239	0.9
Belgium	3,804	3,344	0.9	5,121	4,538	0.9
France	3,671	3,483	0.9	4,860	4,695	0.9
Germany, Fed. Rep.	4,421	3,738	0.8	5,690	4,789	0.8
United States	4,810	4,854	1.0	6,224	6,240	1.0

^aWorld Bank Atlas Series.

^bInternational Comparison Project.

value of GDP in constant market prices, both in national currency.

Tables 2 and 3: Growth and Structure of Production

National accounts series in national currency units have been used to calculate the indicators in these tables. The growth rates in Table 2 are calculated in constant prices; the shares of GDP in Table 3 are expressed in current prices.

Gross domestic product is defined in the Notes to Table 1 above.

The agricultural sector covers agriculture, forestry, hunting, and fishing. The industrial sector comprises mining, manufacturing, construction, and electricity, water, and gas. All other branches of economic activity are regarded as services.

Tables 4 and 5: Growth of Selected Demand Aggregates; Structure of Demand

National accounts series in national currency units have been used to compute the indicators in these tables. The growth rates in Table 4 are calculated in constant prices; the shares of GDP in Table 5 are expressed in current prices. Most of the definitions employed are those of the UN System of National Accounts (SNA).

Gross domestic product is defined in the Notes to Table 1 above.

Public consumption (General Government consumption in SNA terminology) includes all current expenditure for purchases of goods and services by all levels of government. Capital expenditure on national defense is regarded as a consumption expenditure.

Private consumption consists of the market

value of all goods and services purchased or received as income in kind, by households and non-profit institutions. It includes the imputed rent for owner-occupied dwellings.

Gross domestic investment consists of the outlays for additions to the fixed assets of both the private and public sectors, plus the net value of inventory changes.

Gross domestic savings shows the amount of gross domestic investment financed from domestic output. It is calculated as the difference between gross domestic investment and the deficit on current account of goods and non-factor services (excluding net current transfers). It comprises both public and private savings.

The resource balance is the difference between exports and imports of goods and non-factor services. Exports or imports of goods and non-factor services represent the value of all goods and non-factor services sold to or purchased from the rest of the world; this includes merchandise, freight, insurance, travel, and other non-factor services. The value of factor services (such as investment receipts and workers' remittances from abroad) is excluded from this measure.

Table 6: Growth of Merchandise Trade

The merchandise trade statistics are from the UN trade data system, supplemented by the International Monetary Fund's (IMF) *Direction of Trade and International Financial Statistics*.

Merchandise exports and imports cover, with a few exceptions, all international changes in ownership of merchandise passing across the customs borders of the compiling country. Ex-

ports are valued f.o.b. (free on board), imports c.i.f. (cost, insurance, and freight). These values are expressed in current US dollars.

The growth rates of merchandise exports and imports are in real terms. Those for the majority of countries are calculated from quantum indexes of exports and imports taken from the United Nations Conference on Trade and Development (UNCTAD) *Handbook of International Trade and Development Statistics*. The growth rates for developed countries are obtained by deflating annual export (or import) values, expressed in current US dollars, using indexes of export (or import) unit values developed from data in the *UN Monthly Bulletin of Statistics*.

The terms of trade (or the "net barter terms of trade") are calculated as the ratio of a country's export unit value index to the index of import unit values. The terms of trade index numbers shown here for 1960 and 1976, where 1970 = 100, thus indicate changes over time in the level of export prices expressed as a percentage of import prices. The unit value indexes are from the same UNCTAD and UN sources cited above, in connection with the growth rates of exports and imports.

Table 7: Structure of Merchandise Trade

The trade shares in this table are derived from trade values given in UN trade tapes and in the *UN Monthly Bulletin of Statistics*, expressed in current US dollars.

Merchandise exports and imports are defined in the Notes to Table 6 above.

In the categorization of exports, primary commodities comprise *Standard International Trade Classification (Revised)* Sections 0 to 4 (food and live animals, beverages and tobacco, inedible crude materials, fuels, oils, fats, and waxes) and the non-ferrous metals of SITC Division 68. *Manufactures* refers to commodities in the *Standard International Trade Classification (Revised)* Sections 5 through 9 (chemicals and related products, manufactured articles, machinery and transport equipment), excluding Division 68 (non-ferrous metals).

In the categorization of imports, food commodities are those in the SITC (Rev.) Sections 0, 1, 4 and Division 22 (food and live animals, beverages, tobacco, oils and fats). *Fuels* refers to commodities in the SITC (Rev.) Section 3. *Other imports* are calculated as the residual from the total value of imports.

Table 8: Destination of Merchandise Exports

Merchandise exports are defined in the Notes

to Table 6 above. The measure includes the value of re-exports.

All the trade shares in this table are calculated on the basis of trade value statistics (in current US dollars) published by the IMF in its *Direction of Trade*. Reflecting the practice used in the data source, the country groups shown as the destinations of merchandise exports differ somewhat from those used elsewhere in the volume. Specifically,

—*Developed countries* include Gibraltar and Iceland in addition to those referred to as "industrialized" elsewhere in the volume.

—*Developing countries* include Kuwait, Libya, and Saudi Arabia, referred to as capital surplus oil exporting countries elsewhere in the volume, and Cuba, elsewhere treated with other centrally planned economies.

Table 9: Balance of Payments and Debt Service Ratios

The *current account balance* is the difference between (i) exports of goods and services plus inflows of unrequited transfers, and (ii) imports of goods and services plus unrequited transfers to the rest of the world. Excluded from this figure are all interest payments on external public and publicly guaranteed debt, which are shown separately. The latter represent interest payments on the disbursed portion of outstanding public and publicly guaranteed debt plus commitment charges on undisbursed debt. The current account estimates have been taken from the IMF's data files; estimates of interest payments are from the World Bank's Debt Reporting System.

Debt service is the sum of interest payments and repayments of principal on external public and publicly guaranteed debt. Debt service data are taken from the Bank's Debt Reporting System. The ratio of debt service to exports of goods and services is a commonly used rule of thumb for assessing debt-servicing capacity. It is important to note, however, that the debt service ratios shown here do not cover private debt, which for some countries is substantial. The table on the following page illustrates the differences between interest payments as recorded in the Debt Reporting System (and used to calculate the debt service ratios in Table 9), and total interest payments as recorded in the IMF's *Balance of Payments* data files. Also it should be noted that debt contracted for the purchase of military equipment is not usually reported.

Since the World Bank's Debt Reporting System is concerned primarily with developing countries, data on external debt are not given

here for other groups of countries. Neither are comparable data for those countries available from other sources.

Comparison of Interest Payments, 1976

	Debt Reporting System ^a	Balance of Payments ^b
	(In millions of US dollars)	
Pakistan	129	167
Korea, Rep. of	345	480
Philippines	87	246
Egypt	77	257
Turkey	114	169
Israel	196	632
Spain	267	816
Brazil	734	2,040
Mexico	1,070	1,357
Chile	209	326
Colombia	125	262
Greece	177	210
China, Rep. of	145	261
Singapore	35	331
Panama	60	447

^aInterest payments due on external public and publicly guaranteed medium- and long-term loans.

^bInterest payments due on external private, public and publicly guaranteed short-, medium- and long-term loans.

Table 10: Flows of External Capital

The data on the gross inflow and repayment of principal (amortization) of public and publicly guaranteed medium- and long-term loans are from the World Bank's Debt Reporting System. The net inflows are gross inflows less the repayment of principal.

Net direct private investment is the net amount invested by non-residents of the country in enterprises in which they (or other non-residents) exercise a significant degree of managerial control; these net figures also include the value of direct investment abroad by residents. The IMF's balance of payments data files have been used in compiling these estimates.

Since the World Bank's Debt Reporting System is concerned primarily with developing countries, data on external debt are not given here for other groups of countries. Neither are comparable data for those countries available from other sources.

Table 11: External Public Debt and International Reserves

External public debt outstanding represents the amount of public and publicly guaranteed loans which has been disbursed, net of cancelled loan commitments and repayments of principal. The data shown refer to the end of the year indicated, and are from the World Bank's Debt Reporting System.

Since the World Bank's Debt Reporting System is concerned primarily with developing countries, data on external debt are not given here for other groups of countries. Neither are comparable data for those countries available from other sources.

Gross international reserves comprise the sum of a country's holdings of gold, Special Drawing Rights (SDRs), the reserve position of IMF members in the Fund, and holdings of foreign exchange under the control of monetary authorities. The gold component of these reserves is valued throughout at SDR35 per ounce. This is equivalent to US\$35 per ounce before December 1971; US\$38 per ounce from December 1971 through January 1973; US\$42.22 per ounce from February 1973 through June 1974; and to the US dollar price of gold as measured by the market valuation of the SDR beginning in July 1974. The data for holdings of international reserves are from the IMF data files. The reserve levels shown for 1970 and 1976 refer to the end of the year indicated and are expressed in current US dollars. The reserve holdings at the end of 1976 are also expressed in terms of the number of months' imports of goods and services they could pay for, with imports at the average level for 1976.

Table 12: Official Development Assistance From Members of the OECD

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Official development assistance (ODA) consists of disbursements of grants or loans made at concessional financial terms by official agencies of the members of the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD), with the objective of promoting economic development and welfare. It includes the value of technical cooperation.

Figures for 1976 and earlier years are actual figures published by the OECD; those for 1977 are preliminary estimates. All others are projections by World Bank staff, based on OECD and World Bank estimates of GNP growth, on information on budget appropriations for aid, and on aid policy statements by governments. They are projections, not predictions, of what will occur, based on present plans. Commitments made in 1979 and 1980 will have a relatively small effect on disbursements in those years.

Finland became a member of the Development Assistance Committee (DAC) in January 1975. New Zealand became a member in 1973; ODA figures for New Zealand are not available for 1960 and 1965.

The nominal values of both GNP and ODA have been converted into constant 1977 prices

using the *US dollar GNP deflator*. This measures inflation in the OECD countries (excluding Greece, Portugal, Spain, and Turkey) in terms of the US dollar. It takes account of parity changes between the US dollar and national currencies (for example, when the US dollar depreciates, rates of inflation as calculated in national currencies have to be adjusted upwards by the amount of the depreciation in the dollar).

Estimates prepared by the DAC indicate the following ODA flows from members of the Organization of Petroleum Exporting Countries:

	1973	1974	1975	1976
Value (million US dollars)	1,308	3,446	5,512	5,182
As Percentage of OPEC Donors' GNP	1.4	2.0	2.7	2.1

OPEC donor countries are Algeria, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela.

Tables 13 and 14: Population and Labor Force Growth; Structure of Population

The growth rates of total population have been calculated by the least-squares method from UN and World Bank estimates of mid-year country populations. With minor revisions to reflect more recent information, they correspond to the data published in the *World Bank Atlas, 1977*.

The estimates of urban population are those of the UN Population Division based on national data. The urban population growth rates are calculated from the UN estimates. Since these estimates reflect the different definitions of "urban" used in different countries, cross-country comparisons should be interpreted cautiously.

The labor force describes economically active persons, including the armed forces and the unemployed, but excluding housewives, students, and economically inactive groups. The labor force growth rates are projections derived by the International Labour Office (ILO) from 1960 and 1970 census information, but adjusted to ensure conceptual uniformity. The ILO projections do not take account of international migration. The percentage of the total labor force dependent on agriculture has been calculated by the ILO, based on national data.

The estimates of population below the age of 15 are from the UN Population Division, based on national data.

The working age population refers to the total population between 15 and 64 years of age. These estimates have been compiled by the UN Population Division.

Table 15: Demographic Indicators

The crude birth and death rates are based on the computations of the UN Population Division.

The total fertility rates (TFR) have been computed by the UN Population Division. The TFR represents the number of children that hypothetically would be born per woman, if she were to live to the end of her child-bearing years and bear children at each age in accordance with the prevailing age-specific fertility rates.

Table 16: Population Projections, 1976-2000, and Hypothetical Stationary Population

The estimates of mid-1976 population are those of Table 1.

To project population in the year 2000, data for each country on total population, fertility, and mortality rates in 1975, the base year for the projections, were obtained from the World Bank, the UN, and the US Bureau of the Census. Assumptions about future developments were based on analyses of recent fertility and mortality trends in each country.

In projecting mortality rates, it was assumed that female life expectancy at birth (see Notes to Table 17 for a definition of this term) would continue to rise until it reached 77.5 years, after which point it would remain constant. It was also assumed that average life expectancy at birth would increase according to the country's per capita income level. The projected death rates that result for countries of over US\$540 per capita in 1976 are similar to those in the UN "medium" projections (1975); those for lower income countries are slightly higher than the "medium" UN projections.

Fertility rates were assumed to decline according to the country's per capita income level and its past family planning performance. These assumptions result in birth rate projections that are generally similar to the UN "low" projections, for countries with family planning programs whose impact has been moderate to strong. For other countries, the projected decline in birth rates is the same as in the UN "medium" projections.

Throughout the projections, it was assumed that international migration would have no appreciable impact.

The estimates of the years when replacement level fertility would be reached, and hence of eventual stationary population size, are speculative. They should not be regarded as predictions. They are included to provide a summary indication of the long-run implications of recent trends, on the basis of highly stylized assumptions. In particular, no account is taken of the

effects that countries' future income growth might have on their fertility rates. Countries have been ascribed certain fertility and mortality characteristics on the basis of their present income levels, but if, for example, a country with low per capita GNP at present achieved rapid income growth over the projection period, its fertility rate would probably decline more rapidly than projected here.

In a *stationary population* the birth rate is equal to the death rate. The population does not grow and its age structure remains constant.

The *net reproduction rate* (NRR) indicates the number of daughters that a newborn girl will bear during her lifetime, assuming fixed age-specific fertility rates and a fixed set of mortality rates. The NRR thus measures the extent to which a cohort of newborn girls will reproduce themselves under given schedules of fertility and mortality rates.

A *net reproduction rate of 1* indicates that fertility is at replacement level: at this rate child-bearing women, on average, bear only enough daughters to replace themselves in the population. A population will continue to grow after replacement level fertility has been reached, because its past higher birth rates will have produced an age distribution with a relatively high proportion of people currently in, or still to enter, the reproductive ages. This results in more births than deaths until the population changes to the older age distribution intrinsic in the low birth rate. The time taken for a country's population to become stationary after reaching replacement level fertility thus depends on its particular age structure and previous fertility patterns.

To estimate the stationary population size, the projected characteristics of the population in the year 2000 were taken as base. It was assumed that fertility rates would decline continuously until replacement level (NRR=1) was reached, after which the total fertility rate would remain at that level. The year in which replacement level fertility would be reached was first calculated from the fertility rate in the year 2000 of the country in question, and its income level.

In several industrialized countries, fertility is at present below replacement level. Since a population will not become stationary if its net reproduction rate is other than one, to make estimates of the hypothetical stationary population in these countries it was necessary to assume that their fertility rates would regain replacement levels. For the sake of consistency with the estimates made for other countries, the total fertility rates in these industrialized countries

were assumed to increase to replacement level by the years 2000-05, and then remain constant.

The hypothetical stationary population size was projected starting from the year where NRR = 1. Using life expectancy at birth, the mean age of child bearing, the sex ratio at birth, and Model Life Tables appropriate to the country in question, the total fertility rate was estimated for five-year intervals up until the year in which female life expectancy at birth reached 77.5 years. For intermediate years, total fertility rates were obtained by interpolating between the value in year 2000 and that in the year in which NRR = 1.

According to the projections, the world population would increase to an ultimate size of about 10 billion within about 200 years, an increase of about 250 percent over the present level of 4 billion.

Table 17: Health-Related Indicators

Life expectancy at birth is an annual average figure for those born in the five-year period ended in 1975. The measure indicates the number of years newborn children would live if subject to the mortality risks prevailing for the cross-section of population at the time of their birth. Data are from the UN Population Division.

The *infant and child mortality rates* are annual rates calculated by the UN Population Division. The infant mortality rate does not include stillbirths. The child mortality rate is generally considered a reasonable indicator of the extent of malnutrition among children. The data refer to a variety of years, generally not more than three years' distant from those quoted.

The estimates of *population per physician and per nursing person* are derived from World Health Organization (WHO) data. Nursing persons include graduate, practical, and assistant nurses. Both because country definitions of nursing personnel vary, and because the data shown are for years other than (though generally not more than three years' distant from) those specified, the data are not strictly comparable between countries.

The *percentage of total population with access to safe water*, estimated by WHO, is the proportion of people with reasonable access to safe water supplies, defined to include treated surface water or untreated but uncontaminated water such as that obtained from boreholes, springs, and sanitary wells.

Table 18: Education

The data in this table refer to a variety of years, generally not more than three years' distant from those quoted.

Estimates of total (and female) enrollment in primary school, of students of all ages, are expressed as percentages of the total (or total female) population of primary school age, to give "gross primary enrollment ratios." Although primary school age is generally considered to be 6 to 11 years, countries' educational systems vary. These differences between countries in the ages and duration of schooling are reflected in the ratios given. For countries with universal primary education, the gross enrollment ratios may exceed 100 percent since some pupils may be below or above the official primary school age.

The gross secondary enrollment ratios are

calculated in the same manner. Both primary and secondary enrollment ratios have been obtained from the UN Educational, Scientific and Cultural Organization (Unesco) 1976 Yearbook.

The data on numbers enrolled in higher education as a percentage of the population aged 20-24 are from Unesco. The minimum condition of entry to higher education is the successful completion of education at the second level, or proof of equivalent knowledge or experience.

The *adult literacy rate* is the percentage of population aged 15 and over able to read and write. These rates are based on Unesco and World Bank estimates.

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