

"Massive disparities" in global living standards will continue

The "massive disparities" of living standards in the world are likely to continue, Mr. Robert S. McNamara, President of the World Bank, said in Geneva in an address to the Economic and Social Council (ECOSOC) of the United Nations on July 23.

For his address, Mr. McNamara drew on projections and analyses from the *World Development Report, 1979*, of the World Bank (see article "World Development Report, 1979—main themes" on page 35 of this issue). The purpose of this *Report*, said Mr. McNamara, "is to help governments to assess the alternatives and take necessary decisions at the national and international level on issues of major development policy."

Projections by the Bank showed that some 600 million people in the developing countries would still remain in "absolute poverty" by the end of the century, Mr. McNamara said.

Even this "shocking figure" could increase—to more than 700 million—if the projected modest advance by the developing countries was adversely affected by reduced economic growth rates, continued deterioration of the trading environment, and inadequate flows of appropriate concessionary and private development finance. However, an extraordinary effort by the international community could reduce the number of people living in absolute poverty to the level of about 470 million, or less.

The Bank President said income disparities were widening among the developing countries themselves. In the countries of sub-Saharan Africa, for example, incomes were projected to increase on average by less than 1.5 per cent a year during the next decade.

Mr. McNamara, emphasizing the interdependence of the developed and developing countries, said that a more liberal trade en-

vironment would improve the export and growth prospects of developing countries, enhance their debt-servicing capacity, and help strengthen the structure of international capital flows. It was also in the long-term interest of the developed countries, which stood to gain from low-cost imports and expansion of markets for their exports.

The World Bank President said: "For too long, despite the remarkable economic progress achieved in the developing world over the last 25 years, gross inequities in the structure of international economic relations and in national economic policies have confronted us, and for too long there has been reluctance to initiate the action which could help redress those inequities. As a result, the international community is condemning hundreds of millions of people to a continued condition of life which must be totally unacceptable in a world committed to the upholding of human dignity and decency."

New initiatives for Caribbean cooperation to coordinate development and aid

The second meeting of the Caribbean Group for Cooperation in Economic Development, held in Washington, D.C., in June, agreed on several new initiatives in regional cooperation and on the amount and type of external assistance required by the Caribbean countries during the next 12 months. The Caribbean Group was created in December 1977 to serve as a mechanism for the coordination and strengthening of external assistance to the Caribbean countries. Fifteen recipient countries and territories in the Caribbean and 13 donor nations, including members of the Organization for Economic Cooperation and Development and richer nations in the region, participated in the June meeting. It was chaired by the World Bank, and sponsored by it in association with the International Monetary Fund, and other regional and international agencies.

The Group supported the continuation of the Technical Assistance Steering Committee (TASC) to prepare programs and coordinate and promote technical assistance in the region. It decided to set up an Ad Hoc Advisory Committee of recipient and donor country representatives to hold the necessary initial discussions on regional schemes prepared by international agencies. The Group also decided to establish a task force to stimulate private sector activities in the region; to prepare a proposal for a long-term regional export promotion program; to prepare proposals to provide technical assistance in agricultural marketing; to set up a working group to prepare a plan of action for the promotion and development of tourism; and to continue monitoring the eight regional technical assistance programs in transportation.



The Group agreed that external donors should consider increasing financial and technical assistance for the development of energy, including electric power, petroleum, minerals, fuels, and other alternative energy sources. It discussed the problems and needs of the less developed countries of the region and considered the question of appropriate schemes, such as food aid, a revolving fund for agricultural inputs, and a basic needs trust fund.

Pledges totaling \$183 million for 12 months, beginning July 1979, were announced by donor countries for the Caribbean Development Facility (CDF). These pledges, when added to assistance that had been previously announced, raised the total to \$227 million; the total is expected to reach \$276 million during 1979. The CDF was established in 1978 to provide a flexible framework within which donors could provide local currency and balance of payments financing to Caribbean countries encountering short- and medium-term economic problems.

