

Table 1

Approved For Release 2005/01/10 : CIA-RDP86B00985R000200100004-6

LDC Urbanization Profile 1/Countries over 50 percent urbanized

Algeria	China (Taiwan)	Peru
Argentina	Colombia	Qatar
Bahamas	Hong Kong	Singapore
Bahrain	Iraq	Trinidad/Tobago
Brazil	Kuwait	Uruguay
Chile	Mexico	Venezuela

Countries 35 percent - 50 percent urbanized

Barbados	Iran	Morocco
Congo, Peoples Rep.	Jamaica	Nicaragua
Costa Rica	Jordan	Panama
Dominican Republic	Korea, Rep. of	Paraguay
Ecuador	Lebanon	Surinam
Egypt	Malaysia	Syria
El Salvador	Mauritius	Tunisia

Countries less than 35 percent urbanized

Afghanistan	Fiji	Maldives	Seychelles
Angola	Gabon	Malawi	Sierra Leone
Bangladesh	Gambia	Mali	Somalia
Benin	Ghana	Mauritania	Sri Lanka
Bolivia	Guatemala	Mozambique	Sudan
Botswana	Guinea	Nepal	Tanzania
Burma	Haiti	Niger	Thailand
Burundi	Honduras	Nigeria	Togo
Cameroon	India	Oman	Tonga
Cape Verde Isl.	Indonesia	Pakistan	Uganda
Chad	Ivory Coast	Philippines	Upper Volta
Comoros	Kenya	Rhodesia	Western Samoa
Equatorial Guinea	Liberia	Saudi Arabia	Zaire
Ethiopia	Libya	Senegal	Zambia

1/ Data are 1975 with urban areas defined as having 10,000 or more inhabitants.

Comparative Rates of Urbanization  
and Population Growth<sup>1/</sup>

Urbanization Rate More Than Double Population Growth Rate

Algeria	Gabon	Mozambique
Angola	Gambia	Nepal
Barbados	Ghana	Nigeria
Benin	Guinea	Qatar
Brazil	Haiti	Senegal
Burundi	Ivory Coast	Sudan
Cameroon	Jamaica	Togo
Chad	Korea, Rep. of	Trinidad/Tobago
Comoros	Liberia	Uganda
Congo, Peoples Rep.	Malawi	Uruguay
Equatorial Guinea	Malaysia	Upper Volta
Ethiopia	Mali	Zaire
		Zambia

Urbanization Rate 1.5 to 2.0 times Population Growth Rate

Botswana	Indonesia	Oman
Chile	Iran	Panama
Colombia	Iraq	Peru
Dominican Republic	Jordan	Saudi Arabia
Ecuador	Kenya	Sierra Leone
Egypt	Mauritius	Sri Lanka
Fiji	Mexico	Somalia
Guatemala	Morocco	Syria
Honduras	Nicaragua	Thailand
Hong Kong	Niger	Western Samoa

Urbanization Rate Less than 1.5 times Population Growth Rate

Afghanistan	Costa Rica	Pakistan
Argentina	El Salvador	Paraguay
Bahamas	India	Philippines
Bahrain	Kuwait	Singapore
Bolivia	Lebanon	Seychelles
Burma	Libya	Surinam
Cape Verde Islands	Maldives	Tonga
China, (Taiwan)	Mauritania	Tunisia

<sup>1/</sup> 1950-75 average annual rates.

I recently asked a panel of distinguished experts to review our activities in the population field within the World Bank.

They took a hard look at everything we have been doing since 1969, and they rightly reproached us for a tendency to treat population too much in isolation from our other activities.

They pointed out that we have been prepared to lend for population projects, and were ready to bring specialized analysis to population issues when they were of obvious immediate importance.

But too many of us in the Bank had proceeded as if population issues could be left to specialists, rather than considered automatically in all aspects of our investment and development programs.

In short, they asked us to think about the problem in a more comprehensive way—and deal with it accordingly.

They were right. And that is exactly what we plan to do.

Let me, now, summarize and conclude the central points I have made this evening.

## VI. SUMMARY AND CONCLUSIONS

The argument I have made is this.

It now appears that a significant decline in fertility may have at last begun in the developing countries. The data are not yet fully conclusive, but the indications are that the crude birth rates have fallen over the past two decades by an average of about 6 points, or nearly 13%.

By major region, the decline has been 6.5 points in Asia; 5.4 points in Latin America; and 2.3 points in Africa.

Further, the decline appears to have been general and widespread. It has occurred in 77 of the 88 countries for which estimates are available.

If these indications are confirmed by the censuses scheduled for 1980, then what we are seeing here is something of historic

McNAMARA  
SPEECH

importance. It would mean that the period of rapid acceleration in the rate of growth of the world's population has finally reached its peak and is now definitely moving downward towards stabilization.

But as welcome as this is, the fact remains that the current rate of decline in fertility in the developing countries is too slow to avoid their ultimately arriving at stationary populations far in excess of acceptable levels.

Unless governments, through appropriate policy action, can accelerate the reduction in fertility, the global population may not stabilize below 11 billion. That would be a world none of us would want to live in.

But governments can take action, and can accelerate the process, given the resolve and determination to do so.

The critical point is this: for every decade of delay in achieving a net reproduction rate of 1.0—replacement-level fertility—the ultimate steady-state world population will be approximately 15% greater.

Governments, then, must avoid the severe penalties of procrastination, and try to hasten the process forward.

But how?

The causes and determinants of fertility reduction are extremely complex, but it appears likely that there are a number of key linkages between that reduction and certain specific elements of socio-economic development.

The factors that appear to be the most important are: health, education, broadly distributed economic growth, urbanization, and the enhanced status of women.

These factors are at work in the developing world today, but their progress is too slow to be fully effective.

Without additional intervention on the part of governments, the current population in the developing world is going to continue to grow at rates very substantially in excess of those that would permit far more economic and social progress.

There are two broad categories of interventions that governments must undertake: those designed to encourage couples to desire smaller families; and those designed to provide parents with the means to implement that desire.

The first set of interventions sets out to alter the social and economic environment that tends to promote fertility, and by altering it to create a demand among parents for a new and smaller family norm.

And the second set of interventions supplies the requisite means that will make that new norm attainable.

To create the demand for a change in family norm, governments should try to:

- Reduce current infant and child mortality rates sharply.
- Expand basic education and substantially increase the proportion of girls in school.
- Increase the productivity of smallholders in the rural areas, and expand earning opportunities in the cities for low-income groups.
- Put greater stress on more equitable distribution of income and services in the drive for greater economic growth.
- And above all else, raise the status of women socially, economically, and politically.

To satisfy the demand for a change in family norms, governments and the international community should:

- Provide a broad choice of the present contraceptive techniques and services to parents.
- Improve the delivery systems by which parents can get the services they wish.
- And expand present levels of research seeking better techniques and services.

Both categories of interventions are necessary.

Recent studies confirm that the effect of family planning pro-

grams is greatest when they are joined to efforts designed to promote related social goals.

We know that eventually the world's population will have to stop growing. That is certain.

What is uncertain is how. And when. At what level. And with what result.

We who are alive today can determine the answers to those questions. By our action—or inaction—we will shape the world for all generations to come.

We can avoid a world of 11 billion, and all the misery that such an impoverished and crowded planet would imply. But we cannot avoid it by continuing into the next quarter century the ineffective approach to the problem of population that has characterized the past twenty-five years.

Man is still young in cosmic terms.

He has been on earth for a million years or so. And our modern ancestor, *Homo sapiens*, for a hundred thousand years.

But the universe of which he is a part is some twenty billion years old.

And if we represent the history of the universe by a line a mile long, then modern man has appeared on that line for only a fraction of an inch.

In that time perspective, he is recent, and tentative, and perhaps even experimental. He makes mistakes. And yet, if he is truly *sapiens*—thinking and wise—then surely there is promise for him.

Problems, yes. But very great promise—if we will but act.

# A world of 11 billion people

**At last birthrates are declining around the globe. But unless that decline steps up, today's world population of 4 billion will not stabilize until it reaches 11 billion. That would mean 'a world no one wants.'**

**By David R. Francis**

Business and financial editor of  
The Christian Science Monitor

## Washington

The United States can't build a Berlin wall along the border with Mexico. The border is too long — more than 2,000 miles.

But if the Mexican population continues to explode the way it has in the past, some Americans may wish they could. The U.S. could suffer from a huge influx of illegal Mexican entrants — more than the 5 million or 6 million illegal entrants of all nationalities now estimated to be resident in this country.

Robert S. McNamara, president of the World Bank, sees in such a situation the interdependence of the industrial and the less developed countries.

In the rich nations the number of births has dropped or almost dropped to zero growth reproduction levels. But that's definitely not the case in the poorer countries. There the number of people continues to soar.

As a result, the Soviets worry about the safety of Siberia next to overcrowded China. The Australians wonder if an ever-more-populous Indonesia eventually might cast an expansionary eye on relatively empty western Australia.

All the industrial nations face the prospect of living in a world where 9 out of 10 people will live in the developing nations and huge numbers of these could be desperately poor — if population growth is not brought under control.

In written replies to questions Mr. McNamara examines the world's population question. The former U.S. Secretary of Defense now heads an institution that is making development loans at a rate exceeding \$5 billion a year. Because of rising populations, the projects financed by those loans do less to raise living standards than they would otherwise. Mr. McNamara wants the world to get off the population-explosion treadmill.

**Recently you warned that unless the developing countries can reduce their birthrates further, the global population will not stabilize below 11 billion. What would the world be like with a population that size? Would the population actually reach that level or would it be trimmed by catastrophe before then?**

If current trends in fertility rates continue, i.e., if crude birthrates in developing countries decline by approximately 6 points per decade, it appears that the world might reach a net reproduction rate of 1.0 in about the year 2020. This would lead to a steady-state population of 11 billion some 70 years later.

We have to try to comprehend what such a world would really be. We call it stabilized, but what kind of stability would be possible? Can we assume that the levels of poverty, hunger, stress, crowding, and frustration that such a situation could cause in the developing nations — which by then would contain 9 out of every 10 human beings on earth — would be likely to assure social stability? Or political stability? Or, for that matter, military stability? It is not a world that anyone wants.

If the world continues to move toward a population of 11 billion, some countries will find their populations increasing three- or fourfold — this would be true, for example, of a Bangladesh. It would be impossible, I believe, for that to occur without serious danger of political and social disorder. It is for this reason that more and more of such countries, including Bangladesh, are putting increasing emphasis on programs designed to reduce fertility rates.

**When replacement level fertility rates are reached, why does the population level continue to rise after this rate is reached?**

When a new reproduction rate of 1.0 — replacement level fertility — is reached in a society, it does not mean that the population immediately ceases to grow. It will continue increasing for decades. That is a function of the society's age structure.

The population will continue to grow because the higher birthrates of the past have produced an age distribution with a relatively high proportion of persons currently in, or still to enter, the reproductive ages. This in turn will result in more births than deaths until the population changes to the older age distribution intrinsic in the low birthrate. Thus, even at replacement-level fertility, the population does not become stationary until the age structure stabilizes, which takes 60 to 70 years.

**What are the factors that have reduced the birthrate somewhat in the developing world? Do you expect these factors to continue working?**

A complicated mix of variables is at work, some economic, some not. Mortality decline, urbanization, educational advance, higher aspirations for one's self and one's children — all these elements appear to be involved in differing combinations.

The demographic transition in the industrialized countries demonstrates that socio-economic development and mortality declines were accompanied by significant reductions in fertility. What is not clear is which of the many elements of general development led to that specific result, and with what relative effectiveness.

Though we can learn from the experience of the developed nations, we must recognize that their historical circumstances were quite dissimilar to those in the developing countries today.

The developing nations are confronted with a very different set of circumstances, some of them unfavorable, but some of them advantageous. Their mortality decline has been the most precipitous in history: five times faster than in the developed nations. Compared to the last century, the means of controlling birth are far more numerous, more effective, and more easily available.

Modern mass communications are both more pervasive and more influential. Increasingly the mass of the people are becoming more aware of living standards in the developed world, including smaller family size and less traditional life-styles. Exposure to alternate possibilities stirs their imaginations and affects their aspirations.

Governments have much greater ability now to reach across subnational barriers of linguistic, ethnic, and cultural differences and can stay in touch with villagers if they choose to do so.

Most developing countries regard basic literacy for both males and females as essential for development goals and greater national unity.

Finally, there are an increasing number of governments in the developing world committed to lowering fertility, and an even larger number supporting family planning programs. By 1975 there were 63 countries with official family planning programs

# Energy and Resources

WASHINGTON POST

July 6, 1977

## Soviet Abortion Rate Double Number of Births

By Dan Griffin

Washington Post Staff Writer

In the Soviet Union, there are more than twice as many abortions each year as live births; in France, the number is about equal for both; in England, despite very liberal laws, there are about six times as many full-term births as abortions each year.

But in seven other countries surveyed by Washington Post correspondents—Brazil, Italy, Japan, Portugal, Spain, Sweden and Yugoslavia—there is a general consistency: Despite religious, ethnic and cultural differences, they average from 1½ to 3 live births for every abortion.

Clearly, there are differences. In Catholic Italy, Portugal Ireland and Spain, where abortions are illegal, accurate figures are hard to come by. In equally Catholic Brazil, where the two grounds for legal abortion are to save the woman's life or to terminate a pregnancy caused by rape, estimates are that the number of abortions is 30 to 40 per cent of the number of live births.

In many cases, the number of abortions appears to be directly connected with the availability of sex education, contraceptives and birth-control programs. For example, Japan's ratio—now about one abortion for every three births—is down sharply from figures 20 and 25 years ago, despite changes in customs and the casual ease with which abortions can be arranged.

In other places—Yugoslavia is perhaps the best example—religious and cultural traditions have the strongest impact. In Serbia, where the Orthodox Church is relatively less strict on sexual mores than either the Catholic Church or Islam, the average number of abortions per married woman is 1.78. "Every year in Belgrade" which is in Serbia "we kill the equivalent of the population of a small town—about 40,000," a Yugoslav doctor said.

In wealthier, Catholic Slovenia, it is 0.28, and in Moslem Kosovo it is 0.23, lowest in the country.

By contrast, laws regulating abortion seem to have little effect, other than channeling women to illegal abortionists. When Josef Stalin made abortions illegal in 1936, it produced only a short-term rise in the Soviet birthrate; when Nikita Khrushchev made them legal in 1955, there was no perceptible drop in the birthrate.

Prof. Dmitri Velentei of Moscow University argued that abortion

tions is useless: "A woman who does not want to have a baby will not have it. Legal barriers have practically no effect anywhere in the world."

The French Movement for Family Planning says that France in general is even more hostile to contraception and sex education than to abortion. The organization's director, Simone Iff, says: "Contraception remains a privilege of wealth and is not widely practiced by the working class. A woman who demands contraception is asking for the right to make love when she wants. Her punishment is abortion. This is the Catholic mentality."

Iff's group, a privately funded organization that works closely with the Ministry of Health, estimates that 75 per cent of French women do not use contraceptives.

In Italy, where fewer than 5 per cent of women are thought to use any contraceptive method other than coitus interruptus, a study five years ago of more than 500 30-year-old married women in Rome showed two abortions for every two or three children.

A referendum on abortion is to be held next spring, unless an abortion law is passed before then, and it is widely expected that the result will be similar to the 1974 divorce referendum, when 60 per cent voted for its legalization. Meanwhile, illegal abortions and charter trips to London presumably will continue to be the mainstays.

England, with its relatively liberal laws that draw foreign women by the thousands—some 27,000 last year—presents an anomaly. Although there is reported to be wide public support for the present laws, anti-abortion sentiment is high in the House of Commons, and there is some expectation that the law may be made more restrictive.

Pro-abortion forces in Commons believe they have a chance to prevent the new restrictions from passing into law by bottling them up in committee, but the fact that they are trying to kill the bill rather than let it come to a vote shows how strong the anti-abortion side has become.

In Macho Spain, where widely available contraceptives are cutting down the number of abortions, King Juan Carlos is continuing the practice begun by Generalissimo Francisco Franco of awarding medals to parents of large families. The king has three children, and Franco had only one, a

NEW YORK TIMES

6 July 1977

## Iraq Is Passing Up 5% Rise in Oil Price

BAGHDAD, Iraq, July 5, (Reuters)—Iraq has decided not to forgo a 5 percent increase in the price of crude oil scheduled for July 1, the Iraq press agency said today.

The Iraqi decision leaves Libya as the only one of the 13 member states of the Organization of Petroleum Exporting Countries still formally committed to increase the price of its oil from last Friday.

Libya announced at the end June that it would also forgo its latest price increase if the Saudis and the United Arab Emirates restored price unity within the organization.

Saudi Arabia and the United Arab Emirates agreed on Sunday to increase their oil prices by 5 per cent to bring them into line with the other OPEC countries. But still there was no announcement from Libya.

OPEC has operated a two-tier oil price system since the beginning of the year. Saudi Arabia and the United Arab Emirates then raised prices by 5 percent while the 11 other countries posted increases of 10 per cent and planned a further increase of 5 per cent from July 1.

Nine countries — Algeria, Ecuador, Gabon, Indonesia, Iran, Kuwait, Nigeria, Qatar and Venezuela—agreed last month to cancel the second increase. This was in anticipation of Saudi Arabia and the United Arab Emirates announcing an increase to end the price split.

### World Oil Usage Is Record

LONDON, July 5 (AP)—World oil consumption rose to record levels in 1976 after falling for two successive years following the oil crisis of 1973, the British Petroleum Company Ltd. said today.

Regions or countries showing a more than average increase in oil consumption in 1976 included the United States, Latin America, the Netherlands, Spain, West Germany, the Middle East, Southeast Asia and China, B.P. said. In Britain, oil use fell 0.5 per cent.

In its annual survey of oil use, B.P. said total international oil consumption rose 6.6 percent, or 178 million tons, (1.28 billion barrels) last year to a record 2.88 billion tons, or 20.7 billion barrels, surpassing the previous record of 2.77 billion tons, or 19.9 billion barrels, in 1973.

Oil use, excluding the Soviet Union, Eastern Europe and China, increased last year by 6.6 percent to 2.34 billion tons from 2.19 billion tons, or 15.8 billion barrels, in 1975, BP said.



### The rate of growth of the world's population

Year	Total population	Rate of growth per year since previous date	Doubling time
1,000,000 B.C.	a few thousand	—	—
8,000 B.C.	8 million	.0007%	100,000 years
1 A.D.	300 million	.046 %	1,500 years
1750	800 million	.06 %	1,200 years
1900	1,650 million	.48 %	150 years
1970	3,600 million	1.0 %	70 years
2000	6,300 million	2.0 %	35 years

and 34 with explicit policies to reduce the growth rate.

Now all of this is encouraging.

### Will the change of government in India make a material difference in regard to that nation's population control program?

As you may know, the outcome of the recent election raised some concerns over how the population control program would be regarded by the new government. I was encouraged to see that the new leaders, while stressing their commitment to the wholly voluntary approach, have reaffirmed after the election their support of the program. While doing so they drew attention to the very important linkages between fertility and health, education, enhanced status of women, and other tangible improvements in living standards. There is in India itself the hopeful example of the state of Kerala which, despite having a lower per capita income, has achieved higher standards of literacy and general education, lower infant mortality rates and lower birthrates than other, richer states. India's family planning system is making progress; the crude birthrate has been falling and sometime in the 1960s the rate of natural increase stopped accelerating; the 1981 census is likely to show this rate has fallen to or below 2 percent per annum. This development, together with the government of India's continued support for its population program and its recognition of the linkages with broader social economic development, leaves me hopeful that substantial progress in controlling India's population will be achieved.

### Why is a high birthrate damaging to the economic development of a nation?

Excessive population growth severely penalizes many of the developing nations. It drains away resources, dilutes per capita income, and widens inequalities.

In most developing countries today birthrates range between 30 and 50 per thousand, and their death rates between 10 and 25 per thousand. The result is that as a group their population is growing at about 2.3 percent a year, and at that pace it will double in about 30 years.

At the national level the government must devote more and more investment simply to provide minimal services to an ever-increasing number of children. At the family level the same needs press in on the parents of large families.

During their early years most children are primarily consumers rather than producers. For both the government and the family, more children mean more expenditures on food, on shelter, on clothing, on health, on education, on every essential social service. And it means correspondingly less expenditure on investment to achieve the very economic growth required to finance these services.

As children reach adulthood the problem is compounded by mounting unemployment. There are not enough jobs to go round because the government — grappling with the daily demands of the increasing numbers — has been unable to invest enough in job-producing enterprises. Thus the cycle of poverty and overpopulation tightens — each reinforcing the other — and the entire social and economic framework weakens under the weight of too great a dependency ratio. A typical example is the case of Algeria, as contrasted with Sweden. In Algeria, with its high birth rate, every 100 persons of working age in 1970 had to support 98 children under the age of 15. In Sweden, with its low birthrate, every 100 persons of working age had to support only 32 children under 15.

What should be done to reduce fertility? Is better distribution of

### income helpful, and why?

The key elements that can be deliberately managed to accelerate fertility reduction are:

**Health:** Improving the level of health, particularly of children, ensures the survival of a desired minimum of offspring

### Birth rates and death rates in developing and developed countries

	Developing countries			Developed countries			Total world		
	Crude birth rate	Crude death rate	Rate of natural increase	Crude birth rate	Crude death rate	Rate of natural increase	Crude birth rate	Crude death rate	Rate of natural increase
1969	42.9	17.0	2.6	18.0	9.1	0.9	32.0	13.3	1.9
1975	39.0	15.1	2.4	17.3	9.3	0.8	30.0	12.3	1.8

Source: United Nations, *Selected World Demographic Indicators by Countries, 1950-2000*, May, 1975; and Population Council Data Bank.

and provides parents with greater incentive for planning and investment for both their children and themselves.

**Education:** Broadening the knowledge of both males and females beyond their familial and local milieu enables them to learn about and take advantage of new opportunities, and to perceive the future as something worth planning for, including personal family size.

**Broadly distributed economic growth:** Tangible improvement in the living standards of a significant proportion of the low-income groups in a society provides visible proof that aspirations for a better life can in fact be realized, and that a more compact family size can have economic advantages.

**Urbanization:** It generally offers greater accessibility to health services and education; increased familiarity with the more modern economic sector; and new savings and consumption patterns; all of which tend to alter attitudes towards traditional family size.

**Enhanced status of women:** Expanding the social, political, occupational, and economic opportunities of women beyond the traditional roles of motherhood and housekeeping enables them to experience directly the advantages of lowered fertility, and to channel their creative abilities over a much broader spectrum of choice.

The data (on birthrates and selected development indicators) in several developing countries demonstrate that there are apparent correlations and that fertility levels and levels of certain specific socio-economic indices tend to move together. Declining levels of infant mortality, and rising levels of nutrition, literacy, and non-agricultural employment appear to be accompanied by lower birthrates. The correlation appears to be with specific elements of development — literacy, for example, and nutrition and infant mortality — rather than with the general level of economic wealth.

Governments should try to:

- Reduce current infant and child mortality rates sharply.
- Expand basic education and increase the proportion of girls in school.
- Increase the productivity of smallholders in the rural areas, and expand earning opportunities in the cities for low-income groups.
- Put greater stress on more equitable distribution and services in the drive for greater economic growth.
- And above all else, raise the status of women socially, economically, and politically.

While economic growth is a necessary condition of development in a modernizing society, it is not in itself a sufficient condition. The reason is clear. Economic growth cannot change the lives of the mass of the people unless it reaches the mass of the people.

Most countries in Latin America, for example, have considerably higher per capita income than countries in Asia and Africa. And yet fertility rates are not proportionately lower. That, in part, is a function of the serious inequalities in income dis-

A study of various characteristics in 64 countries from both the developed and developing areas of the world, for which data are available, confirmed that more equitable income distribution, with the resultant broader distribution of social service, is strongly associated with lower fertility. The analysis suggested that each additional percentage point of total income received by the poorest 40 percent reduces the general fertility rate by about 3 points.

#### Will it be necessary to use coercion to reduce birthrates?

There are many different approaches to the task of promoting a new social consensus on population problems within a society, and the choice of one over another — or any particular mix of actions — must, of course, be guided by the cultural context of the society in question. But the truth is that most of the approaches, and all of the actions, are difficult to implement. If these approaches fail, and population pressures become too great, nations will be driven to more coercive methods.

A number of governments are moving in the direction of coercion already. Some have introduced legal sanctions to raise the age of marriage. A few are considering direct legal limitations on family size, and sanctions to enforce them. No government really wants to resort to coercion in this matter. But neither can any government afford to let population pressures grow so dangerously large that social frustrations finally erupt into irrational violence and civil disintegration.

#### How hopeful are you that governments will move fast enough to bring down birthrates dramatically? Why is speed necessary?

For every decade of delay in achieving a net reproduction rate of 1.0 — replacement level — the world's ultimate steady-state population will be about 15 percent greater.

THE CHRISTIAN SCIENCE MONITOR

Friday, July 1, 1977

## India's economy drifts; prices soar

By Mohan Ram

Special to

The Christian Science Monitor

New Delhi

The Indian economy is drifting, and while the new government is trying to halt the drift, the outlook is somber.

On balance, fiscal 1976-77 was a bad year. The gross national product rose only by 2 percent, against 8.5 percent the year before. Food-grain output plummeted by 10 million tons. Overall industrial production went up by 10 percent, but this conceals something: Most consumer-goods industries did not show any appreciable increase. Wholesale prices rose by 12 percent.

The only bright spots are a record 18 million-ton food-grain reserve held by the state — although one-third of it is rotting in the open for want of proper storage space — and a comfortable position in foreign exchange reserves, thanks to expanded exports and a drop in imports (mainly food and fertilizer).

But these are dubious plus points. Ironically, they are also a source of embarrassment because they are contributing to the inflationary pressures. Despite the huge food-grain reserve, large numbers of Indians continue to live on a semi-starvation diet because they cannot afford to buy food.

Inheriting an economy that by many estimates is in shambles, the new government of Prime Minister Morarji Desai wants to shift the emphasis away from the Soviet-style physical planning and heavy industry that had been the policy of his predecessor (Indira Gandhi) to agriculture, irrigation, and labor-intensive small industries.

Industrial production, it is hoped, will be stimulated by an "easy" money policy and incentives for private investment.

The new rulers recognize the need for expanding exports to meet foreign-exchange needs, but they reject a World Bank

recommendation for "export-led growth." The significance of this statement can be understood by applying it to the present outlook. If current trends in fertility rates continue, i.e., if crude birthrates in developing countries decline by approximately 6 points per decade, it appears that the world might reach a net reproduction rate of 1.0 in about the year 2020. This would lead to a steady-state population of 11 billion some 70 years later.

If the date at which replacement-level fertility is reached could be advanced from 2020 to 2000, the ultimate population would be approximately 3 billion less, a number equivalent to 75 percent of today's world total.

This reveals in startling terms the hidden penalties of failing to act, and act immediately, to reduce fertility.

If global replacement levels of fertility were to be reached around the year 2000, with the world ultimately stabilizing at about 8 billion, 90 percent of the increase over today's levels would be in the developing countries. It would mean, if each country followed the same general pattern, an India of 1.4 billion; a Brazil of 275 million; a Bangladesh of 245 million; a Nigeria of 200 million; and a Mexico of 175 million.

But, given today's level of complacency in some quarters, and discouragement in others, the more likely scenario is a world stabilized at about 11 billion. Populations in the developing countries would be 40 to 60 percent greater than indicated above because of two decades of delay in reaching replacement levels of fertility.

By our action — or inaction — we will shape the world for all generations to come. We can avoid a world of 11 billion and all the misery that such an impoverished and crowded planet would imply. But we cannot avoid it by continuing into the next quarter century the ineffective approach to the problem of population that has characterized the past 25 years.

recommendation for "export-led growth."

The latest World Bank report wants India to take risks to "grow faster" and calls for a growth-oriented strategy, taking advantage of the food-grain reserves and favorable balance-of-payments position.

The report, much of it prepared before the dramatic political change here last March, notes that long-term growth has been unsatisfactory, both in agriculture and industry. Despite the "green revolution," agricultural output barely has kept pace with population growth. In industry, shortage of supplies, particularly imported ones, and rigidities in the licensing system have held back growth. Recent improvements have yet to bring about a fundamental change in the situation.

Given the resource position of India, investment and development expenditures could be raised without an extra burden on consumption. The major area of additional investment should be agriculture and irrigation, the report says.

A faster growth trend in agriculture also will help industrial growth, the report continues, and exports provide another source of demand that can stimulate industrial production.

Prime Minister Desai's budget for 1977-78 seems to have anticipated the World Bank report. It seeks to give a new direction to the economy. (The new government party had promised bread, liberty, and work for all in 10 years' time, mainly through labor-intensive, decentralized industries.)

But it is questionable whether significant results can be achieved in the nine months left in the current fiscal year. The government contends that it took over only three months ago, and not with a clean slate at that. Even so, it has yet to devise a strategy for accelerating development that takes advantage of the comfortable food-grain and improved balance-of-payments positions.