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The World Bank 1818 H Street NW Washington DC 20433 Telephone: 202-473-1000

Internet: www.worldbank.org

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TALKING POINTS FOR THE 3/21 DISCUSSION OF "DEVELOPMENT ISSUES" WITH FATHER PEDRO ARRUPE, GENERAL OF THE JESUIT ORDER, AND HIS ASSOCIATES

A. INTRODUCTION.

I would like to make three preliminary points:

1. The Growing Interdependence Among Nations

The world in the 1980s and beyond is clearly going to become more interdependent. The impact of OPEC is an obvious example, but there are many others: e.g., economic growth in the OECD nations will increasingly be influenced by their volume of exports to the developing countries (LDCs) which in turn will depend on the LDCs earning the requisite foreign exchange through their access to OECD markets for their own exports, particularly their manufactured goods. This growing interdependence means that for any given individual society in the 1980s the external, international environment is going to become a relatively more important factor to its well-being.

2. The Moral Case for Development

In my personal view -- and I know in yours -- the fundamental case for development is the moral one. The whole of human history has recognized the principle, at least in the abstract, that the rich and the powerful have a moral obligation to assist the poor and the weak. That is what the sense of community is all about -- any community: the community of the family, the community of the nation, the community of nations itself.

Further, if we look around the world realistically today, it is evident that the desire for a greater degree of equity — for a more just and reasonable equality of opportunity among individuals, both within nations and between nations — is becoming a major concern of our time. It is a trend that has been gathering momentum for a century or more: the rise of the labor union movement, the drive against racial discrimination, the expansion of civil rights, the enhancement of the status of women — these and similar movements have all had an ingredient in common: the surge towards greater social justice, and more equitable economic opportunity.

But the fact remains that the moral argument does not persuade everyone. And for those who prefer arguments that appeal to enlightened self—interest, there are some very strong ones. As I have indicated, in an increasingly interdependent world the developed nations more and more will depend on the ability of the developing nations not merely to purchase their exports, but to supply them with important raw materials. Thus, for the developed nations to do more to assist the developing nations is not merely the right thing to do, but also the economically advantageous thing to do.

3. Although The Primary Effort Must Be Made By the Developing Countries Themselves, It Cannot Succeed Without Assistance From the Developed Nations

The prime responsibility for development action lies, of course, with the

governments of the developing societies themselves. No outside assistance from the affluent nations or international agencies can substitute for indigenous effort. By and large, the developing countries are making that effort — on the whole, far more so than most people in the developed world realize. The LDCs have financed 80 to 85% of their development investments out of their own very limited incomes. But it is true that they must make even greater efforts. They have invested too little in agriculture, too little in population planning, and too little in essential public services. And too much of what they have invested has benefited only a privileged few.

Yet whatever the degree of neglect the governments in the developing nations may have been responsible for, it has been more than matched by the failure of the international community to assist them adequately in the development task. Today, Germany, Japan, and the United States are particularly deficient in their level of assistance. The case of the United States is illustrative. It enjoys the largest gross national product in the world. And yet it is currently one of the poorest performers in the matter of Official Development Assistance (ODA). In 1949, at the beginning of the Marshall Plan, U.S. ODA amounted to 2.79% of GNP. Today, it is less than one-tenth of that: .22% of GNP. And this after a quarter century during which the income of the average American, adjusted for inflation, has more than doubled. It is true that the developed nations, understandably preoccupied today with controlling inflation, and searching for structural solutions to their own economic imbalances, may be tempted to conclude that until these problems are solved, aid considerations must simply be put aside. But support for development is not a luxury -- something desirable when times are easy, and superfluous when times become temporarily troublesome. It is precisely the opposite. Assistance to the developing countries is a continuing social and moral responsibility, and its need now is greater than ever.

Now let me turn to a description of the developing world and a discussion of some of its problems, particularly the problems of population, jobs, food, and the alleviation of poverty.

B. The Developing World

There are roughly 100 developing countries that the World Bank serves, and they contain some 2 1/4 billion people.

1. The Poorest Countries

While there are immense variations between these societies — in culture, tradition, ideology, political organization, natural resources, etc. — they can be divided roughly into the middle—income developing countries: such as Brazil, Korea, Turkey, Mexico, etc.; and the low—income or poorest developing countries: such as Bangladesh, India, Indonesia, most of the countries of sub—Saharan Africa, etc. These low—income countries contain roughly 60% of the total population of the developing world.

During the past decade their per capita incomes grew at only 1.7% a year (and in Africa at only .2%). This is virtual stagnation. It means that for hundreds of millions of individuals — already trapped at the vare margin of survival — "growth" in income was two or three dollars a year. These countries have been able to produce in the 1970s only 16% of the developing nations' combined GDP and less than 10% of their exports. Their average per capita income is only one-seventh that of the middle-income developing countries. At present the outlook for these poorest countries — in view of recent events — is grim. Our projections in the World Bank for their annual rates of growth per capita in the period 1980-82 are less than 1.5%.

2. The Middle-Income Developing Countries

These countries — even those which do not export oil — have done considerably better during the decade of the 1970s (per capita growth of 6.6% for the oil—exporters, and 3.6% for the non-oil—exporters). They have been able to take advantage of their more favorable endowment in resources, of better market opportunities, and of higher capital inflows. But the oil—importing countries among them have been seriously affected by the recent price increases in petroleum products, and the aggravation of their adjustment problems, and are now projected in the 1980-82 period to achieve per capita growth rates of about 2.3%. Their long-term prospects, however, are promising if they can combine sound domestic economic management with continuing expansion of their exports, and adequate access to development capital.

3. The "Absolute Poor"

Of the 2 1/4 billion individuals in the developing world, some 800 million — living mainly in the low-income countries — are trapped in what I have termed "absolute poverty"; that is, a condition of life so limited by malnutrition, illiteracy, disease, high infant-mortality, and low life-expectancy as to be below any rational definition of human decency. Compared to those of us in the affluent world, these individuals have an infant mortality rate eight times higher; a life expectancy rate one-third lower; an adult literacy rate 60% less; a nutritional level, for one out of every two in the population, below the minimum acceptable standards; and for millions of infants, less protein than is sufficient to permit the optimum development of the brain. I will return to the problem of absolute poverty — and what can be done about it — in a moment.

Now, quite apart from the current account deficit difficulties that all oilimporting developing countries are currently facing (a deficit that was \$5
billion in 1972, \$26 billion in 1978, \$46 billion in 1979, and is likely to be
about \$64 billion this year) there are certain fundamental development problems
that both the low-income and the middle-income developing societies are certain
to face in the 1980s — problems that carry enormous penalties for procrastination and delay — and let me turn now briefly to these.

C. Development Problems

1. The Population Problem

Short of nuclear war itself, this is the gravest issue that the world faces over the decades immediately ahead. It is true that the population problem itself is an inseparable part of the larger, overall problem of development. But it is much more than just that. Excessive population growth is a massive obstacle to the economic and social advancement of most of the societies in the developing world. There are many other obstacles, of course. But none is more pervasive, none is more intractable, and none is more punitive in the penalties it exacts for procrastination. For the population problem complicates, and makes more difficult, virtually every other task of development.

The crude birth rates in the developing world today -- outside of sub-Saharan Africa -- are, in fact, declining, That in itself is a very welcome trend. And it may well 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 moving downwards towards stabilization.

But what we must understand is that the current rate of decline in fertility in the developing countries is neither large enough, nor rapid enough, to avoid their ultimately arriving at stabilized populations far in excess of more desirable -- and attainable -- levels.

If current trends continue, the world as a whole will not reach replacement-level fertility -- in effect, an average of two children per family -- until about the year 2020. That means that some 70 years later the world's population would finally stabilize at about 10 billion individuals, compared to today's 4.3 billion.

We must 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 security?

It is not a world that any of us would want to live in. Such a world is not inevitable, but there are only two possible ways in which a world of 10 billion people can be averted. Either the current birth rates must come down more quickly. Or the current death rates must go up. There are no other options.

What is so often overlooked is the time factor involved. This is a point of immense importance, and yet one that is frequently misunderstood, even by the highest officials in governments. For every decade of delay in achieving a net reproduction rate of 1.0 — that is, replacement—level fertility — the world's ultimate stabilized population will be about 11% greater. If, then, the date at which replacement—level fertility will be reached could be advanced from 2020 to 2000, the ultimate global population would be approximately 2 billion less — a number equivalent to nearly half of today's world total.

As it is, if global replacement levels of fertility were to be reached around the year 2000, with the world ultimately stabilizing at around 8 billion, fully 90% of the increase over today's levels would be in the developing countries.

That would mean -- if each country followed the same general pattern -- an India, for example, of 1.4 billion; an Indonesia of 305 million; a Bangladesh of 215 million; a Nigeria of 225 million; and a Mexico of 170 million. Compared to the current population of these countries (650 million; 140 million; 85 million; 85 million; and 68 million respectively) those figures are awesome.

Consider for a moment the case of Mexico. Despite its potential oil wealth, Mexico today has some very severe problems. Already Mexico City is facing severe limitations on its air and water. The city currently contains about 12 million inhabitants. It is likely to be the largest city in the world by the end of the century. Some experts estimate it will grow to 30 million people by then.

Today the country's total population is about 68 million. It has been estimated that there are perhaps some six million Mexicans illegally in the United States — some 8 or 9% of Mexico's total population. At Mexico's current growth rate, its population will double in 23 years. That means some 125-130 million by the end of the century. And not much can be done to prevent that since the women who will bear the children are already born.

As I have noted, even if replacement-level fertility were achieved in Mexico by the year 2000, its ultimate stabilized population would be 170 million. But if replacement-level fertility were delayed by only 20 years — to the year 2020 — then the ultimate stabilized population would be not 170 million, but 230 million: more than the entire U.S. population today.

Government, then, must avoid the severe penalties of procrastination, and try to hasten the reduction of fertility forward. But how?

There are two broad categories of interventions that governments can 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 — appropriate family—planning services — supplies the requisite means that will make that new norm attainable.

The issue, of course, as to which efforts in fertility reduction are most important -- socio-economic progress, or family planning programs -- continues to be controversial. But from an empirical point of view, research demonstrates that both are important.

Certainly recent studies confirm that developing countries which rank well in advancing the socio-economic environment and also have a strong familyplanning program have, on average, much greater declines in fertility than do countries that have one or the other, and far more than those countries with neither.

With respect to family planning programs, it is important to reflect that millions of individual families do wish to avoid unwanted pregnancies. And when these families cannot find legal and compassionate assistance in this matter, they often turn to desperate and illegal measures. Statistics suggest that abortion, for example, remains one of the world's most commonly chosen methods to limit fertility — despite the fact that in many societies it is ethically offensive, illegal, expensive, and medically hazardous. The tragic truth is that illegal abortion is endemic in a number of societies. And it is particularly prevalent in those areas where there is no adequate, organized family—planning assistance. The conclusion is clear: where the public authorities will not assist parents to avoid unwanted births, the parents will often take matters into their own hands — at whatever cost to conscience or health.

All of us accept the principle that in a free society, the parents themselves must ultimately decide the size of their own family. We would regard it as an intolerable invasion of the family's rights for the State to use coercive measures to implement population policy. We can preserve that right best by assisting families to understand how they can make that decision for themselves.

The fact is that millions of children are born without their parents desiring that it happen. Hence, a free, rational choice for an additional child is not made in these cases. If we are to keep the right of decision in the hands of the family -- where it clearly belongs -- then we must give the family the knowledge and assistance it requires to exercise that right.

What we must comprehend is this: the population problem will be solved one way or the other. Our only fundamental option is whether it is to be solved rationally and humanely — or irrationally and inhumanely. Are we to solve it by famine? Are we to solve it by riot, by insurrection, by the violence that desperately starving men can be driven to? Are we to solve it by wars of expansion and aggression? Or are we to solve it rationally, humanely — in accord with man's dignity?

I do not have to stress the point of human dignity here. You, and the Roman Catholic Church at large, are completely dedicated to the goal of development. One has only to read the Second Vatican Council's "Pastoral Constitution on the Church in the Modern World", and Pope Paul the VI's "On the Development of Peoples" to understand that. Both these impressive documents call for a solution to the population problem as it relates to development. Such controversy as remains in this matter is merely about the means, not at all about the end.

I am confident that you here, and those in the Catholic community that reaches out around the globe, and the fatherly and compassionate Pontiff who stands at your helm -- as well as men everywhere of whatever religious allegiance -- I am confident that all of us are dedicated to that end.

The end desired by the Church -- and by all men of good will -- is the enhancement of human dignity. That, after all, is what development is all about. And human dignity is severely threatened by the population explosion.

Now let me illustrate, briefly, how the problem of excessive population exacerbates three other major development problems that loom before us in the decade of the 1980s and beyond: the problem of jobs, the problem of food, and the problem of absolute poverty.

2. The Problem of Jobs

Today there are some 4.3 billion human beings on earth. Next year at this time there will be 74 million more. Tomorrow at this time there will be nearly 200,000 more than there are today.

What are the implications of these numbers on the world's employment problem? The International Labor Organization estimates that over the next two decades the global labor pool will grow by about 750 million people. Two-thirds of that increase will be in the developing countries, and most of the individuals who will be seeking work in that period have already been born.

They are the legacy of the population growth rates of the recent past, and whatever may be done to moderate those rates over the next 20 years, the developing countries will be faced with an employment problem during the 1980s and 1990s that has no parallel in history.

Each year millions of young people will enter a job market that has been able to absorb only a fraction of those who have preceded them.

But open unemployment — as immense as it is in the developing world — is only the visible surface of the job problem. Far more pervasive is underemployment, with rates averaging an estimated 35% of the total labor force.

Over the past quarter century millions have left the countryside for the city in the search for jobs. The result has been that, while the populations in the developing countries have been doubling every 25 to 30 years, their large cities are doubling every 10 to 15 years, and the urban slums and shantytowns in these cities every 5 to 7 years.

It is clear that the development of greater economic opportunities in the rural areas can slow the process. Here the opportunities are promising, though the task is immense in scope.

But whatever can be done to increase employment in the countryside both on and off the farm -- and a great deal can be done -- migration to the city is going to continue, and the massive underemployment problem there must be faced and dealt with directly.

How? The honest answer is that no one really knows yet. The usual policy prescriptions — expansion of small enterprises, more appropriate pricing systems, training programs — all have merit, but none of them is going to be adequate in the next decade or two in the face of the stark demographic realities.

We know the magnitude of the problem. We do not know yet the most effective way of dealing with it.

What must be done is clear enough. Productive employment opportunities must be created at much lower capital costs.

The emphasis on low capital investment per job is the key to the solution.

The basic concept is to provide the unemployed and underemployed with access to productive assets and improved technology by removing the distortions that favor capital-intensive production: very low interest rates, for example, and excessively high wage rates. But so far very few countries have been able to apply such policies so effectively as to reduce unemployment and underemployment.

But, the problems of population and the creation of employment opportunities do not begin to exhaust the development agenda that lies ahead in the Eighties.

Let me turn for a moment to another major problem -- the issue of food.

3, The Problem of Food

Eleven years ago, while speaking at the University of Notre Dame on the subject of population, I referred to the view of the distinguished British scientist and novelist, C. P. Snow, who believed that widespread famine is inevitable. Shortly before I spoke he had written: "Many millions of people in the poor countries are going to starve before our eyes. We shall see them doing so upon our television sets". He went on to say that "the major catastrophe will happen before the end of the century. We shall, in the rich countries, be surrounded by a sea of famine involving hundreds of millions of human beings. There will be suffering and desperation on a scale as yet unknown". His point was, of course that population would continue to grow at a very rapid rate and food production would not grow fast enough to offset it.

Lord Snow is a brilliant and perceptive man. However, I did not believe then and I do not believe now that wholesale famine is inevitable. I was convinced that there was time to reverse the situation if we would but use it, and I think the events of the past ten years have proven me correct.

As a matter of fact, during the past 20 years, food production per capita in the developing countries has increased. The increase was only 5% because population growth was almost as great as the 55% rise in food output, but there was an increase per capita, not the decline that Snow predicted.

Now what is the outlook for the next 20 years?

The nature of the food production problem which the world will face in that 20-year period is clear: the production increase of the past 20 years was achieved to a large extent by expanding the acreage under cultivaton; the opportunity for continuing to expand cultivated acreage is limited; therefore future production increases will depend primarily on increases in yield per acre.

Can yields be increased throughout the developing world? The answer is yes. At present they are very low, probably less than one-half of North American yields under comparable conditions of water, climate and soil.

Among the actions which would contribute to increased productivity and higher yields, six are of particular importance:

a. Government policies, especially price policies, which have long discriminated against agriculture must be changed. Farmers must be paid a price which provides an incentive to produce.

- b. The area under irrigation must be increased. Within the next 20 years water is likely to become the limiting factor in agriculture. In most countries it continues to be treated as a free good and immense quantities are wasted. Improved water management on existing irrigated lands could reduce water consumption by about two-thirds, thereby providing a potential for a substantial expansion of irrigated areas.
- c. The rate of destruction of cultivated land by water and wind erosion must be reduced. We have hardly begun to attack this problem.
- d. Agricultural research both in the developed and developing countries must be increased. Only 10% of the world's expenditures on such research takes place in the developing countries. And agricultural research in the developed nations has been declining in real terms. This in face of the fact that there is great potential for new research translating into yield increases. For example, the efficiency of the photosynthesis processes can be increased and biological fixation of nitrogen can be achieved.
- e. Soil fertility must be improved. Fertilizer usage per acre in developing countries is, on average, only 15% of that in the United States and the fertilizer used is applied so inefficiently that 70% of the nutrients are wasted.
- f. Support of small and less productive farmers must be increased. This can be done by provision of credit, extension services, new seeds, fertilizers, and feeder roads. In the developing countries approximately 50 million families farm one hectare or less and an additional 50 million farm between one and five hectares. Their productivity is substantially below the levels achieved in their own countries investment to raise that productivity will yield high rates of return in both economic and human terms.

Nowhere is the potential for increased production through a combination of government action and external support better illustrated than in India. This year, despite severe drought, India's cereal grain production is likely to total 120 million tons, substantially above the level of any previous drought year, and, in combination with its food reserves, sufficient to meet consumption requirements without imports — an incredible achievement — an achievement that few would have thought possible even five years ago.

4. The Reduction of Absolute Poverty

The need to give greater attention to the problems of the absolute poor has been increasingly recognized in international discussions. But the intractability of these problems and the scale of efforts needed to reduce the numbers of absolute poor have not been fully appreciated.

There are currently some 800 million absolute poor in the developing world. Even under rather optimistic assumptions, we estimate some 600 million individuals will still be trapped in absolute poverty by the turn of the century.

The projection of 600 million absolute poor in the year 2000 does not assume a lack of progress in the remaining years of the century. Since the population of the developing countries is projected to increase from 2.1 billion in 1975 to 3.5 billion in 2000, a failure to reduce the proportion living in poverty would result in the number increasing from 770 million in 1975 to 1300 million in 2000. Hence, the projected reduction to 600 million does represent improvement. But it remains unacceptably high.

Now, what can be done to reduce this level of poverty? I do not have a full and complete answer to that question, nor do I know of anyone in the world who does.

But even though no one yet has a fully comprehensive answer to the problem of absolute poverty, I believe that within the present limits of our know-ledge, each of the developing countries can — and should — set specific goals for its own society's direct attack on poverty; and that the international community, in the appropriate forums, should endorse those goals, and pledge the necessary support.

One thing is certain: such an attack on absolute poverty can only succeed in an environment of economic growth. And support from the international community — through further expansion of trade and more adequate capital flows — is essential if optimum growth rates are to be achieved.

But though economic growth is an absolutely necessary condition for reducing poverty, it is not in itself a sufficient condition. For growth cannot help the poor unless it reaches the poor.

It does not reach the poor sufficiently today, and hence the developing countries themselves must both: modify the pattern of growth so as to raise the productivity of the poor; and improve the access of the poor to essential public services.

In most developing countries, growth too often bypasses the absolute poor. They have only tenuous links to the organized market economy. They own few productive assets. And their meager incomes make it almost impossible for them to save and invest.

But though the absolute poor have severe disadvantages, their human potential remains immense. Given a realistic opportunity they will respond. For no less than anyone else, what they want most from life is an end to despair, a beginning of hope, and the promise of a better future for those they love.

That is why any practical strategy to reduce absolute poverty must begin with the effort to assist the poor to become more productive.

To the extent that the poor possess some tangible assets, however meager — a small farm, a cottage industry, or a small-scale commercial operation in the urban sector — it is possible to help them to become more productive through better access to credit, extension assistance, and production inputs.

The experience of Malaysia, Kenya, Malawi, Taiwan, Korea, Nigeria, and other countries, demonstrates that the productivity of small farms can be significantly enhanced through such programs. The Bank is committed to this objective through its new rural development projects. It has over the last five years initiated projects which will approximately double the incomes of about 40 million individuals living below the poverty line in both the poorest and middle-income countries.

If the poor are without land or other productive assets, then the strategy clearly must stress greater employment opportunity, particularly in the more labor-intensive sectors.

Not only are the poor without adequate incomes, but they are without equitable access to essential public services: to clean water, to basic education, to preventive medical care, to electricity, to public transportation — to those services fundamental to their health and productivity.

Since most of these services cannot be privately purchased by the poor, they must be expanded through government programs as a key element in a practical strategy to reduce poverty.

Wealthy urban and rural families, often constituting a very small but politically influential and elite group, have frequently managed to pre-empt a disproportionate share of scarce public services.

It is a very old story in human affairs, and far from being an attribute of developing countries only. But wealth and privilege have made their influence felt in these matters, and almost always at the expense of the poor.

Piped water allocation, the availability of electricity, the cost and routing of public trnasportation, the location of schools, the accessibility of public health facilities — all of these are national and local government decisions that are critical to the living standards of the very poor, who have no margin for alternatives, and no political access to policymakers.

Not only are essential public services often out of financial and geographical reach of the poor, but such facilities as are in place may be so inappropriately designed as to be virtually irrelevant to their needs: impressive four-lane highways, but too few market roads; elaborate curative-care urban hospitals, but too few preventive-care rural clinics; prestigious institutions of higher learning, but too few village literacy programs.

Public services that are not designed modestly and at low cost per unit will almost certainly end by serving the privileged few rather than the deprived many.

To reverse this trend, governments must be prepared to make tough and politically sensitive decisions, and to reallocate scarce resources into less elaborate — but more broadly based — delivery systems that can get the services to the poor, and the poor to the services.

Now, I am not suggesting that any of this is easy to do. It is not. What I am suggesting is that absolute poverty can never be eliminated simply by traditional welfare. And the reason is obvious. No feasible redistribution of already inadequate national income in a developing society is, by itself, going to be enough to wipe out poverty. There must be growth in that income, and the poor must be enabled both to contribute more productively to that growth, and to participate more equitably in its benefits.

The tragedy of the absolute poor in most developing societies is that they remain largely outside the development process.

They must be brought more fully into it. That can only be done by the individual developing countries themselves. Conditions clearly differ from society to society, but what is essential is that governments:

Formulate attainable anti-poverty objectives at national, regional, and local levels;

Define clear operational programs, and institutional policies, for achievement of the objectives within specific time periods; and

Determine the level of resources required to meet the minimum goals.

Unless such practical steps are taken by the governments in developing societies, the hope to reduce absolute poverty simply cannot be translated into effective action.

Certainly no external development assistance -- no matter how great -- can substitute for the internal political resolve necessary to take these steps.

But once that firm resolve is evident, then the international community must support these politically difficult decisions with comparable courage and generosity.

D. Conclusion

In conclusion, I hope you will permit me to suggest how the Jesuit Order with its extraordinary intellectual and moral resources might contribute to the international development task. I would urge that you launch a three-prong attack involving:

1. More Research

In the Gregorian University, and in the many other universities and institutes that you conduct around the world, I hope you will intensify your research on the problems of economic and social development, with the objective of finding solutions that are feasible, practical, and replicable on a large scale.

2. Action in Developing Countries

I urge that in developing countries you make it a major objective to use your influence to stimulate effort by the governments toward addressing the problems of the absolute poor by assisting them to raise their productivity, and by assuring more equitable distribution of social services.

3. Action in Developed Countries

I would urge that in the developed countries you use your influence (through your teaching, your writing, and your many other activities) to educate and persuade the people and the governments to address more intelligently their relations with the developing countries — both on moral grounds, and on the basis of mutual interest.