World Development Report 1983

World Economic Recession and Prospects for Recovery
Management in Development
World Development Indicators

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Foreword

This Report is the sixth in an annual series assessing development issues. Part I reviews recent trends in the international economy and their implications for the developing countries. As in previous years, Part II is devoted to a special topic; this year the focus is on the management and institutional aspects of development.

The early recovery in the world economy foreseen in last year's *World Development Report* did not materialize. The recession has lasted longer than expected and has set back global development more decisively than at any time since the Great Depression. The indications of an upturn are now firmer, but the international financial system remains severely strained and protectionism continues to be an ominous threat.

Part I examines how alternative policies may affect the future prospects for recovery. The Report concludes that the present financial crisis is manageable, provided concerted efforts are made both nationally and internationally. It is essential for the industrial countries to maintain the momentum of their recovery, to promote freer trade, and to ensure growth in capital flows. Equally important, developing countries must for their part continue their efforts to adjust their economies to the new external circumstances and thereby regain the confidence of their creditors.

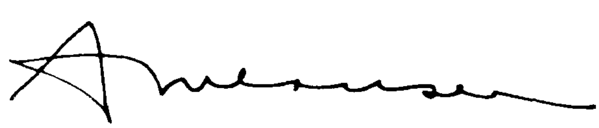
The interdependence of the global economy has become strikingly evident over the past three years. Not only does recession in the industrialized countries lead to stagnant export markets and lower capital flows for the Third World; retrenchment in the developing countries also means less employment in the developed countries. The recession has badly hurt all countries, though self-evidently the poor are less able to withstand the shock. But the ability of different countries to cope with the current difficulties has varied greatly. This Report seeks to learn from those significant differences in country performance.

Even with optimistic assumptions about sustained growth in the industrialized countries over the next decade, limited capital flows and trade growth are likely to be serious constraints to developing-country growth. Raising living standards and combatting poverty in the developing countries will depend more than ever on achieving greater efficiency in the use of human and material resources. The stress on efficiency in Part II of this Report should not be seen as signaling any change in the Bank's focus on poverty issues.

Governments everywhere must wrestle with difficult management problems as they seek to fulfill their heavy and varied responsibilities. To ease this burden, many countries have found it advantageous to give managers within the public sector greater autonomy over operational decisions, to involve local communities in the design and implementation of service delivery programs, and to use prices and market mechanisms more in place of administrative interventions. At the same time, successful measures to overcome skill shortages and strengthen public services have included making training more job related, building more effective career development systems, and linking incentives more closely to performance.

Good economic management depends, first and foremost, on the adoption of policies that stimulate enterprise and efficiency, but it depends also on the quality of the public sector institutions responsible for executing these policies and for providing public services. Developing countries' governments typically have had to work in very difficult conditions, beset by shortages. It is all the more remarkable that so much should have been accomplished over the past thirty years in building up systems of government. The Report draws on this experience to identify common problems and possible ways of addressing them.

This Report tackles a difficult and important subject not previously broached so directly by the Bank. It is a staff report and the judgments expressed in it do not necessarily reflect the views of our Board of Directors or the governments they represent. As in previous years, the Report includes updated World Development Indicators, which set out selected social and economic data for more than a hundred countries.



A. W. Clausen

This Report was prepared by a team led by Pierre Landell-Mills and comprising Ramgopal Agarwala, Richard Heaver, Dominique Lallement, Geoffrey Lamb, Selcuk Ozgediz, and Mary Shirley, assisted in particular by Engin Civan, Rahul Khullar, Leonie Menezes, Manon Muller, Hossein Partoazam, Joost Polak, and Paramjit Sachdeva. The Economic Analysis and Projections Department, under the direction of Helen Hughes, prepared the material on which Part I is based and supplied data for the whole Report. The work was carried out under the general direction of Anne O. Krueger, with Peter Wright as senior adviser and Rupert Pennant-Rea as principal editor.

With respect to Part II, the team would like to acknowledge the considerable assistance provided by the staff of the Development Administration Division of the United Nations, International Center for Public Enterprises, International Labour Organisation, International Monetary Fund, and Secretariat of the Development Assistance Committee of the OECD. In addition to Bank staff and those who prepared background papers (listed in the Bibliography), many others made helpful comments or contributions. Among these were Jose Abueva, Pierre Amouyel, John Armstrong, Michael Bentil, Rodrigo Botero, Peter Bowden, Robert Chambers, Kenneth Davey, Reginald Green, Metin Heper, Leroy Jones, Christopher Joubert, Mahn Jae Kim, David Korten, Melody Mason, Gabriel Mignot, Jon Morris, David Murray, Bernard Schaffer, Amartya Sen, Frank Sherwood, Arthur Turner, and Peter Wilenski. However, none of the above is responsible for the views expressed in the Report.

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Definitions

The principal country groups used in the text of this Report and in the World Development Indicators are defined as follows:

- *Developing countries* are divided into: *low-income economies*, with 1981 gross national product (GNP) per person of less than $410; and *middle-income economies*, with 1981 GNP per person of $410 or more. Middle-income countries are also divided into *oil exporters* and *oil importers*, identified below.
- *Middle-income oil exporters* comprise Algeria, Angola, Congo, Ecuador, Egypt, Gabon, Indonesia, Islamic Republic of Iran, Iraq, Malaysia, Mexico, Nigeria, Peru, Syria, Trinidad and Tobago, Tunisia, and Venezuela.
- *Middle-income oil importers* comprise all other middle-income developing countries not classified as oil exporters.
- *High-income oil exporters* (not included in *developing countries*) comprise Bahrain, Brunei, Kuwait, Libya, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.
- *Least developed countries* include Afghanistan, Bangladesh, Benin, Bhutan, Botswana, Burundi, Cape Verde, Central African Republic, Chad, Comoros, Djibouti, Equatorial Guinea, Ethiopia, the Gambia, Guinea, Guinea Bissau, Laos, Lesotho, Malawi, Maldives, Mali, Nepal, Niger, Rwanda, Samoa, Sao Tome and Principe, Sierra Leone, Somalia, Sudan, Tanzania, Togo, Uganda, Upper Volta, Yemen Arab Republic, and the People's Democratic Republic of Yemen.
- *Industrial market economies* are the members of the Organisation for Economic Co-operation and Development (OECD, identified in the Glossary) apart from Greece, Portugal, and Turkey, which are included among the middle-income developing economies. This group is commonly referred to in the text as *industrial economies* or *industrial countries*.
- *East European nonmarket economies* include the following countries: Albania, Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, Romania, and USSR. This group is sometimes referred to as *nonmarket economies*.

Economic and demographic terms are defined in the technical notes to the World Development Indicators.

Official Development Assistance. The data on Official Development Assistance in Table 18 of the World Development Indicators, in Table 2.11, and in Box 10.2 are not comparable with the ODA data in Table 2.12 and in Chapter 3. The former are based on the OECD Development Assistance Committee (DAC) definitions which show disbursements of all types by donor countries. The latter show grants and concessional loans received by the developing countries as reflected in their balance of payments. The principal differences are that the DAC definitions cover technical assistance and contributions to multilateral institutions, including paid-in capital. The data on ODA receipts generally exclude these two, and in the case of the multilateral institutions include only the disbursement of concessional loans.

Billion is 1,000 million.

Tons are metric tons (t), equal to 1,000 kilograms (kg) or 2,204.6 pounds.

Growth rates are in real terms unless otherwise stated.

Dollars are US dollars unless otherwise specified.

All tables and figures are based on World Bank data unless otherwise specified. Growth rates for spans of years in tables cover the period from the end of the base year to the end of the last year given.

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1 Overview

The recession that has afflicted the world economy since 1980 seems at last to be easing. But the economic conditions of many developing countries have worsened since the last *World Development Report* was published. Many middle-income countries have faced a greater liquidity crisis than was expected, brought on by high interest rates and reduced demand for exports. Low-income countries dependent on the export of raw materials have suffered from historically low commodity prices in real terms.

The developing countries' present difficulties are the culmination of events dating back a decade or more. They are a consequence partly of conditions in the industrial market economies and partly of their own policies. Part I of this Report underlines the increased interdependence of all countries brought about by the increase in trade and capital flows, and looks ahead to how the world economy might evolve during the next decade. Part II discusses how developing countries have managed their development efforts, and how these might be improved. Chapter 12 sets out concluding themes which should be read in conjunction with this overview.

The 1980–82 recession

The recession of the past three years was no simple repetition of the mid-1970s (see Table 1.1). Following the jump in oil prices in 1973, GDP growth rates in the industrial economies fell sharply for two years and then recovered rapidly in 1976, although in the three subsequent years growth was still well below the average for the 1960s. In contrast, growth rates were initially less depressed by the 1979 rise in oil prices, but subsequently failed to match the recovery seen after 1975. The second recession was shallower than the first, but it has lasted longer since industrialized countries tightened monetary controls to bring down inflation. As a result, unemployment in the industrial

TABLE 1.1
Key indicators, 1973–82
(percent)

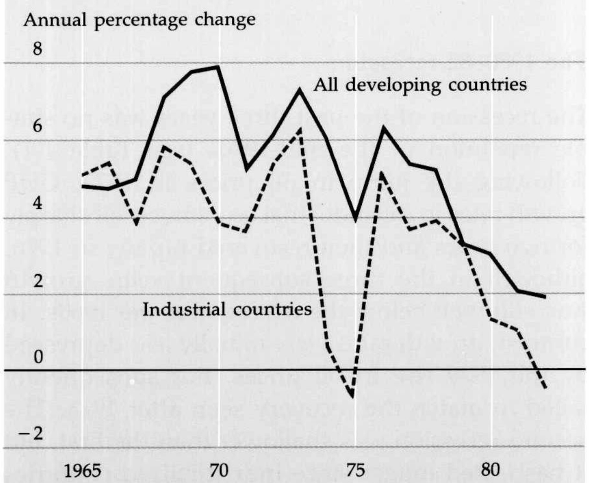
Indicator	*1973*	*1974*	*1975*	*1976*	*1977*	*1978*	*1979*	*1980*	*1981*	*1982*[a]
World trade growth (volume)[b]	12.5	4.0	−4.0	11.5	4.5	5.0	6.5	1.5	0.0	−2.0
Industrial countries										
GDP growth	6.3	0.6	−0.7	5.1	3.6	3.9	3.2	1.3	1.0	−0.2
Unemployment	3.4	3.7	5.5	5.5	5.4	5.1	5.0	5.6	6.5	8.0
Inflation rate	7.7	11.6	10.2	7.3	7.4	7.3	7.3	8.8	8.6	7.5
Developing countries										
Oil importers										
GDP growth	6.5	5.3	4.0	5.3	5.6	6.6	4.2	5.0	2.2	2.0
Debt service ratio[c]	12.6	11.4	13.3	12.6	12.7	15.7	14.7	13.9	16.6	21.5
Oil exporters[d]										
GDP growth	9.1	7.2	3.7	8.2	4.8	2.4	1.2	−1.3	1.5	1.9
Debt service ratio	12.2	6.7	7.8	8.4	11.1	14.9	15.5	13.0	15.7	19.1

a. Estimated.
b. IMF data for 1973 to 1981; GATT data for 1982.
c. Service on medium- and long-term debt as a percentage of exports of goods and services.
d. Excludes China.

countries, which stayed high at about 5 percent after the first recession, has since climbed to more than 8 percent.

Developing countries are directly affected by fluctuations in the industrial world (see Figure 1.1). Overall their growth rates have been higher, but even those that have grown fastest have not been able to avoid the cyclical influence of industrial countries. They have also been affected by high interest rates. Both effects were powerful in the early 1980s—many developing countries have been squeezed between stagnating foreign exchange earnings and soaring interest payments on their debt.

FIGURE 1.1
GDP growth rates, 1965-82



Developing countries have reacted to these pressures in different ways. Those middle-income countries that had adopted outward-oriented trade policies—mainly in East Asia—have managed to maintain the momentum of export expansion and avoid serious new debt problems. But some countries, including several in Latin America that had borrowed heavily and adjusted less (or inappropriately) during the 1970s, have been hit by the high interest rates and have had to deflate in response to a liquidity crisis. In Latin America as a whole, according to preliminary estimates, GDP fell by 3.6 percent between 1980 and 1982.

The two largest low-income countries—China and India—have come through the current recession with encouraging resilience. They were not so heavily dependent on foreign trade, had little commercial debt, and so were not much affected by high interest rates. They have also made impressive progress in agriculture; India's low GDP growth in 1982 was largely due to the failure of the monsoon.

Low-income countries in Africa, being more dependent on primary commodity exports, have suffered badly from the world recession. Their per capita income has continued to fall, and there is now a real possibility that it will be lower by the end of the 1980s than it was in 1960. To prevent this happening will require policy reforms by many African governments, a recovery of commodity prices, and a large expansion of international aid to the region.

All developing countries will find the difficulties of the past few years greatly eased by a recovery in the world economy. Since January 1983 there have been encouraging signs that recovery is under way. In addition:

- Nominal interest rates have fallen well below their peak, reached in 1981. Taking account of the foreign exchange holdings of developing countries, each percentage point off Eurodollar interest rates saves them over $2 billion net in interest payments in a full year. The ratio of debt service to export earnings is expected to fall from a peak of 20.7 percent in 1982 to below 17 in 1984.
- Oil prices have come down, partly in response to the recession, but also because of conservation measures. For net oil-importing developing countries every dollar off the price of a barrel of oil reduces their import bill by approximately $2 billion in a full year. Some oil exporters have overborrowed and are now seriously strapped for foreign exchange. However, they should benefit if, as seems likely, oil prices harden again in the medium term. (This subject is discussed in Chapter 3.)

It would be premature to assume that the industrial countries will achieve sustained and steady growth such as they experienced in the 1950s and 1960s. Continued rapid growth in the early 1970s was checked by the recession of 1974–75, and the subsequent recovery in 1976–79 was not sustained. For the present, inflation has been curbed, but interest rates and exchange rates continue to fluctuate widely, reflecting (and often contributing to) a pervading sense of uncertainty. Industry and agriculture have been slow to adjust to new patterns of comparative advantage. The objective of the industrial countries must be continued recovery with restructuring, but as yet there are too few signs that underlying structural problems are being adequately tackled.

International collaboration

Development is a long-term proposition; its impetus is maintained by policies that must be both directed at fundamental change and viable in the short term. In the 1960s developing countries as a group made considerable progress in raising productivity and real incomes, and in improving social indicators such as literacy and life expectancy. Progress continued into the 1970s, but more slowly as countries encountered short-term economic difficulties. Since 1980 short-term problems have been on a larger scale and now threaten the development strategies of numerous countries.

The requirements of a far-sighted recovery strategy come, in part only, from policy reforms introduced by the developing countries themselves. Others are the responsibility of the international community, and particularly of the industrialized countries.

The crisis of the past few years has highlighted the bonds that join the economies of the developed and developing countries. The most publicized bonds—the financial links between banks in the industrialized countries and borrowers in developing countries—were once the least visible. Yet they in turn are intertwined with international trade: borrowing countries can service their debts only if they earn enough foreign exchange from exporting. These truisms would hardly be worth repeating were it not that government policies often seem to defy them.

Trade and protectionism

Protectionist sentiments have been growing in the industrial countries. The main reasons have been an implacable rise in unemployment and the financial difficulties of companies that are no longer internationally competitive. The temptation to seek relief by import controls has been considerable, at times irresistible. Among many measures to protect ailing industries, governments have erected a formidable set of controls against the textile exports of developing countries. The Multifibre Arrangement, covering as much as 15 percent of developing-country manufactured exports, is the most extreme example of trade restriction since governments started to undo the protectionism that contributed to the depression of the 1930s. In other industries, too, the exports of developing countries have faced new (particularly nontariff) trade barriers.

Nevertheless, as Chapter 2 illustrates, protectionism has not prevented a substantial growth in trade. Developing countries increased the volume of their exports by an average 5.1 percent a year in 1970–80 (for manufactures alone, the growth rate was 15.9 percent a year). Also, their market share of manufactured goods consumed in industrial economies has increased from 1.7 percent in 1970 to 3.4 percent in 1980. But the danger lies in the future. Although gains in price and efficiency from freer international trade are still widely appreciated, developing countries are often victims of short-sighted government action. The political challenge is first to halt and then to reverse the drift toward protectionism. The ministerial meeting of GATT held in November 1982 set the stage for liberalization. Greater participation by developing countries in GATT would help strengthen its role as the most appropriate forum for continued negotiations to reduce trade barriers.

Debt and capital flows

Capital markets have become highly integrated over the quarter century since currency convertibility was established. While this integration has many merits, a sharp rise in international interest rates can turn an acceptable debt service burden for a developing country into a debt crisis.

Viewed globally, the world debt situation is manageable, though recent difficulties require close international cooperation to achieve a sustained recovery in international trade and to assist those borrowers facing acute debt servicing problems. Such problems can have one of two causes—shortage of liquidity or genuine insolvency. The first arises when a borrower is temporarily unable to earn or borrow enough foreign exchange to meet its debt service payments, often because interest rates are themselves unexpectedly high. Insolvency has far more serious and permanent connotations: a borrower simply does not have the resources to service its debt, even though it makes maximum use of available resources.

The debt problems of most major developing countries are caused by illiquidity, not by insolvency. Sustained high interest rates alone may convert a liquidity problem into a solvency problem. A recovery in world demand, lower interest rates, and determined restructuring of their own economies will restore the ability of developing countries to service their debts. In the meantime, they need continued inflows of capital to ease their liquidity shortage.

That need has been recognized by several initiatives taken over the past year. Central banks have cooperated to provide emergency loans to some countries, notably through the Bank for International Settlements. The International Monetary Fund's resources have been substantially expanded. During 1982 the debts of twelve developing countries were rescheduled and thirteen others were under negotiation in the first quarter of 1983.

But the ad hoc debt rescheduling characteristic of the past is no solution for countries with deep-seated problems. Close collaboration by creditor governments, commercial banks, and the international financial institutions is needed to facilitate long-term adjustments to restore financial viability.

While steps are being taken to ease the debt difficulties of the main middle-income borrowers, too little has been done to assist the low-income countries seriously affected by the 1980–82 recession. They depend on official aid for 84 percent of their foreign capital inflows, so their capacity to import and to invest is directly affected by the aid programs of the industrialized countries. Aid as a proportion of the GNP of DAC members was no higher in 1981–82 (0.37 percent) than in the late 1960s. In real terms official development assistance from all sources, including members of OPEC and the CMEA, rose by 5.7 percent a year in the 1970s. Concessional aid for Africa would need to rise at about double this rate over the next ten years if the per capita income of the low-income African countries is to rise by 2 percent a year—a very modest target.

National development efforts

The benefits of international cooperation can do no more than supplement the efforts of the developing countries themselves. Earlier *World Development Reports* have reviewed cross-country experience in selected sectors to identify policies that promote development. This year Part II of the Report takes a wider perspective, exploring management issues that cut across all sectors. The underlying concern is the search for greater efficiency in the pursuit of governments' social and economic objectives. The current economic slowdown makes the task more urgent, as well as more difficult.

Too often development is discussed only in terms of policies, without regard to the institutions and people who decide and execute them. This Report seeks to redress the imbalance. It examines the role of the state, stresses the importance of appropriate incentives (especially prices) to foster development, and discusses the institutional arrangements needed to formulate a consistent development strategy and carry it out. The Report draws on country experience to identify ways of making state-owned enterprises and project management more efficient, and, more generally, improving the performance of the bureaucracy.

This stress on efficiency is compatible with efforts to assist the poor, although in times of financial stringency governments often cut programs for the poor. Well-designed programs to improve management of public projects, reduce inflationary budget deficits, make bureaucracies more responsive, limit nonessential activities, and share the management burden with the private sector so that vital public services are performed well—all these complement efforts to assist the poor. Today's difficult economic situation requires more than ever a critical appraisal of those well-intentioned initiatives that have gone awry—the costly subsidy that mainly benefits the better off, or the state enterprise that employs a bloated labor force at relatively high wages. To raise the standard of living of the very poor, scarce resources must be carefully targeted as well as efficiently managed.

Role of the state

The boundary between the state and the private sector is never clear-cut and varies widely from country to country. For this reason, it is misleading to discuss efficiency in terms of ownership. What matters more is creating the conditions that encourage efficiency in both private and public sector activities. Such an environment is largely determined by governments, not simply in the way they affect the private sector through legislative and fiscal measures but also by the way they manage their own affairs.

State-owned enterprises are an obvious example of how a government's approach to management can influence the whole economy. Both developed and developing countries are keen to find ways to make state enterprises more efficient. The more successful initiatives have been those which defined unambiguous and attainable objectives, gave a wide measure of freedom to managers to meet those objectives, and developed performance indicators that enabled government to monitor progress.

The state's role as employer—in many developing countries, the largest employer in the modern sector—also influences the whole economy. Most developing countries have abundant unskilled labor combined with a shortage of skilled workers. The results are political pressure to overstaff the public sector at the lower grades, which is inefficient and expensive, and fierce competition between the public and private sectors at the top. Experience has shown that the public sector can keep competent staff only by offering pay and other benefits that do not lag much behind the private sector and by offering a premium to key specialists.

A third area in which governments can improve their own administrative arrangements is in the making of economic policy. Current structural adjustment problems underline the need for greater attention to policy analysis. Planning has been excessively concerned with producing detailed, long-term blueprints for development, to the neglect of both policy analysis and the preparation of public investment programs. The process of planning—formulating a development strategy, analyzing policy, and assessing investment options—matters more than the plans themselves.

Many countries still lack the close links among policy analysis, investment analysis, and budgeting needed to define and carry out a development strategy. They also need more timely and reliable feedback, which can be obtained by better monitoring of the economy. Selective tracking of government activities is the key, whether through data collection, auditing, or project evaluation. In particular, more of the resources of central statistical offices should be devoted to assembling essential data on national accounts and other information relevant for policy analysis.

Even when governments have effective methods for managing state-owned enterprises, their own employees, and the formulation of economic policy, they can still find themselves overstretched by the range of responsibilities they have assumed. Administrative capacity is limited in every country; in some developing countries it is the scarcest resource of all. Reducing the burden on senior administrators is therefore a precondition for greater efficiency, and much can be achieved by decentralizing—both within the public sector and to groups outside it.

Burden-sharing

Day-to-day decisions can be devolved to those who are responsible for carrying them out, and who have the advantage of detailed knowledge not possessed by those at the center. Decentralizing is a way to increase the responsiveness of government to those it serves and can involve those outside government—community organizations, for example—whose active support is often necessary in promoting development. It can also take the form of subcontracting, with some public services provided by private operators.

Decentralizing is not solely a matter of involving a wider range of people in discharging the responsibilities of the public sector. Governments, including socialist governments, can also make greater use of markets and prices, since they avoid the heavy administrative requirements of centralized planning controls. While greater reliance on markets may appear to carry risks, many governments have learned that their own interventions can easily misfire. The costs of market failure need to be balanced against those of bureaucratic failure. The practical advantage of relying more on markets is that the public sector can then concentrate on improvements in those activities for which market solutions are inappropriate.

However, the willingness to use prices to allocate resources is on its own not enough. Governments also need to ensure that prices really do reflect relative scarcities. Relative prices changed rapidly during the 1970s, partly because of floating currencies and two sharp increases in the cost of oil. Many countries failed to adjust their domestic prices to these international changes, so price distortions assumed serious proportions. Cross-country analysis for 1970–80 reveals that the best economic performances tend to be closely associated with the lowest price distortions (the details are given in Chapter 6). However, countries that have tried to correct price distortions have seldom found it easy. To obtain good results, adjustment programs must be tailored to the circumstances of individual countries and managed with close attention to timing, pace, and scope.

Political commitment

The underlying assumption of this Report is that all governments of developing countries, whatever their political complexion and their concern for equity, do attach priority to economic and social development. Governments nevertheless vary greatly in the commitment of their political leadership to improving the condition of the people and encouraging their active participation in the development process. When political leaders are recognized for their integrity, vision, and concern for the public welfare, these qualities can be reflected in the ethos and performance of the public service and will have a profound effect on all sections of society. But if corruption is rife, public bureaucracy is likely to become demoralized and self-serving.

Perhaps the most important task of national economic management is to enlist the skills and energies of the population at large in raising the productivity of capital and labor. The routes followed in pursuit of these objectives must depend on the nature of the political system, but the morale of the labor force will always be a critical factor.

The economic fluctuations of the 1970s, and their culmination in the recession of 1980–82, have underscored the uncertainty of the economic environment in which farmers, businesses, and governments have to operate. Readiness to take risks and show flexibility in responding to unforeseen events are therefore essential ingredients of successful management.

Part I World Economic Recession and Prospects for Recovery

2 The prolonged recession

The world economy had another difficult year in 1982. Few countries managed to improve on their previous year's growth, and more than twenty experienced declines in output. The recession that had started in 1980 thus continued for a third year, making it the longest since the depression of the 1930s. Even those developing countries with excellent growth records had to struggle for modest gains in the face of depressed export markets and high debt servicing costs.

Some countries were less badly affected than others (see Table 2.1). As a group, Asian countries—which account for two-thirds of the population of the developing world—increased their per capita incomes in each of the three years of the 1980–82 recession. By contrast, Latin American and low-income African countries suffered declines in per capita incomes, although some among them were exceptions. These variations in performance can mostly be explained by the different policies pursued in the 1970s by individual countries.

The growth of developing countries depends on steadily expanding trade and capital inflows, both of which are closely related to the level of world economic activity. This chapter first highlights the dominant influence of the industrialized countries on the length of the recession. It then examines how successful developing countries have been in expanding their market share in developed economies and in increasing trade among themselves. It also analyzes how movements in commodity prices have changed the developing countries' terms of trade, and summarizes trends in workers' remittances. The chapter then describes how developing countries have financed their deficits—without serious strains until 1980, but with considerable difficulty since then. It looks in detail at the state of international indebtedness, and concludes by reviewing variations in economic performance

TABLE 2.1
Growth of GDP, 1960–82

Country group	1980 GDP (billions of dollars)	Average annual percentage growth				
		1960–73	1973–79	1980	1981	1982[a]
All developing countries	2,231	6.0	5.1	3.0	2.0	1.9
Low-income	544	4.5	5.1	6.1	3.7	3.7
Asia	492	4.6	5.6	6.6	4.1	3.9
China	283	5.5	6.3	6.8	3.0	4.0
India	159	3.6	4.4	6.6	5.6	2.8
Africa	52	3.5	1.5	1.2	0.1	0.8
Middle-income oil importers[b]	920	6.3	5.5	4.2	1.1	1.1
East Asia and Pacific	204	8.2	8.5	3.6	6.9	4.2
Middle East and North Africa	28	5.2	2.9	4.7	0.1	2.7
Sub-Saharan Africa[b]	43	5.5	3.7	4.0	3.7	4.0
Southern Europe	201	6.7	5.0	1.5	2.4	2.2
Latin America and Caribbean	444	5.6	4.9	5.7	−2.4	−1.2
Middle-income oil exporters	687	7.0	4.8	−1.3	1.5	1.9
High-income oil exporters	221	10.7	7.5	7.5	−1.8	−11.7
Industrial countries	7,395	5.0	2.8	1.3	1.0	−0.2

a. Estimated.
b. Does not include South Africa.