

real success in dealing with a fundamental problem like food production and in moving to a higher level of growth. Some important aspects of living conditions in developing countries, including health, life expectancy and literacy improved markedly.

Against this, there were two major disappointments. The first was that the poorest developing countries had very low rates of growth, especially in per capita terms. These countries were largely shut out of commercial borrowing and thus could not maintain their levels of imports in face of rising prices for oil, food, fertilizer and some manufactured goods. In relative terms, they fell even further behind the so-called low and middle-income countries. The number of "absolute poor"--those deprived of the minimal necessities of decent existence--continued to grow.

The second major disappointment was that the world economy suffered serious disruption and important losses in potential output because of two major oil shocks. It is clear, in retrospect, that the long period of cheap oil could not continue. It would not have been fair to oil producers nor in the longer term interests of the world economy. That said--and even if we question the precise level of present prices, as we do--we can only regret that the two rounds of oil price rises have come in a way which imposes unnecessary costs in lost production on the world economy.

The Mixed Record of the North-South Dialogue

There have been no breakthroughs in the North-South dialogue comparable in effect to the major oil price rises. What is more, North-South negotiations have taken place against a background of demands for a new international economic order which is so radical and comprehensive that the accomplishments or successes of the dialogue necessarily appear diminished in comparison. I don't wish to suggest that there has been satisfactory progress in the dialogue. I think it urgent that we achieve much more. But I do think that we risk losing our sense of perspective--and perhaps the optimism needed to maintain the dialogue--if we fail to measure the accomplishments against the fundamental nature of the issues, the relatively short time during which they have been seriously debated, and the difficult economic context.