

PROPOSAL FOR A RESEARCH CONFERENCE IN RIYADH IN 1974  
SPONSORED BY PETROMIN AND IDS ON ECONOMIC ASPECTS OF  
INDUSTRIALISATION IN PETROLEUM EXPORTING COUNTRIES.

The recent rise in oil prices has opened new possibilities for petroleum exporting countries and raised more sharply the central choices of development strategy, especially what should be the role and nature of industrialisation. Industrial development can be a means of increasing economic independence and it can integrate society by raising incomes and providing a high level of productive employment. But research carried out at IDS shows that none of those objectives is achieved automatically in countries attempting to industrialise rapidly since World War II. Indeed, a recent study seminar at Sussex on development strategies of the exporters of petroleum and other minerals brought out the special difficulties these countries face in achieving such ends. In many cases the result of rapid industrialisation has been greater economic and technological dependence on the countries already industrialised. Moreover, rural districts have benefitted little from the great upsurge of incomes, while the cities show chronic and heavy unemployment.

Petroleum exporters seem to be in a very advantageous position compared to most countries of the Third World when it comes to creating new industries. They possess plentiful foreign exchange and a cheap and secure supply of fuel, and oil yields materials for a wide range of industry. But they also face special obstacles in using industrialisation to produce an integrated society with a high level of employment. They tend to suffer from overvalued exchange rates and wage levels high in relation to productivity. Sometimes the very surplus of foreign exchange has led to a hasty and superficial evaluation of projects, ignoring their wider economic and social impact. This experience suggests the urgent need for study of its causes, in the interests not only of petroleum exporters facing at this moment strategic decisions on industrialisation, but also of our general understanding of development problems.

A high level conference of 10 days is planned to take place in Riyadh in November or December 1974 with the following aims:-

- (i) To discuss the framework and concepts appropriate for analysing the economic aspects of industrialisation in petroleum exporters;
- (ii) To review economic conditions in oil exporting countries, especially the extent of unemployment and underemployment, stocks of technical ability, wage levels, etc;
- (iii) To discuss the supporting policies, especially in technology and manpower, required for successful industrialisation in these countries;
- (iv) To identify research needs in this field and to plan a programme of research.

Participation: High-level professional experts from Saudi Arabia and other petroleum exporting countries, OPEC and IBRD (and certain other UN agencies), the Science Policy Research Unit and IDS.

Documents: Participants from petroleum exporters will provide material on economic conditions (especially unemployment, underemployment, manpower and wages) in their countries and papers on the industrial policies being followed.

IDS will produce (i) a bibliography; (ii) a paper on post-war industrialisation; (iii) a paper on the economic conditions in petroleum countries, drawing on the country papers; (iv) a paper on possibilities of industrial exports from oil producing countries.

Programme of preparation:

- (a) A senior IDS Fellow would visit Saudi Arabia, to discuss details of this proposal;
- (b) Petromin and IDS would exchange cables ratifying agreement in principle;
- (c) Invitations would be sent to prospective participants;

- (d) Country papers would be sent to IDS by the end of September;
- (e) IDS would distribute its papers in October;
- (f) Three members of IDS staff (a research officer, an administrative officer and a secretary) would arrive in Saudi Arabia at least two weeks before the conference, for liaison, document preparation, etc.

Resources:

- (i) The journeys of participants from petroleum exporting countries would be financed by their respective agencies;
- (ii) Petromin would cover other costs of transport and also accommodation in Saudi Arabia.
- (iii) Apart from the basic papers mentioned above, IDS would contribute administrative and secretarial services.

DS/BMT  
2 May 1974.