STATEMENT BY DR. RAUL PREBISCH, SECRETARY-GENERAL OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT ON 17 JANUARY 1967

1. I should first like to express my warm gratitude for the kind invitation extended to me at Geneva by the Director-General of GATT, on his own behalf and also on behalf of Ambassador Valenzuela, to attend this session of the Committee. I accepted without hesitation, not merely in order to return the courtesy, but because I consider that meetings of this kind, attended by such well-qualified representatives, afford an opportunity for considering the serious problems that must be dealt with by the second United Nations Conference on Trade and Development to be held next year at New Delhi.

2. The preparations for that Conference are being made in an atmosphere of increasing concern. I believe that enough of the present decade has elapsed to convince us that the United Nations Development Decade will not attain its basic objectives in the manner hoped for. Hence it is not surprising to find prevailing, on the one hand a feeling of disappointment and frustration, and on the other a profound scepticism and indifference. This is extremely serious, and we must face the situation in a strictly objective spirit. We must first ask ourselves why this felicitous enterprise has been submerged by events; we must study those events and clarify them in order to reach some conclusion that will enable us, in what is left of the Decade, to tackle the problem — perhaps through a different approach — so that the objectives set at its inception may be attained in the decade of the nineteen-seventies.

3. I do not think that either the developed or the developing world has grasped the full vastness of the requirements to be met in assimilating modern technology in the peripheral countries, and I am sure that we make no progress towards a better policy for development and international co-operation unless we fully recognize these requirements, which broadly speaking are of three different kinds: those relating to trade policy, those relating to the mobilization of domestic and international resources to speed up development, and those relating to the development policy of the peripheral countries.
4. So far as trade policy is concerned, it is becoming increasingly clear that, owing to a series of factors which are well-known and which do not need to be restated, the technical advances in the developed countries are having a depressing effect on exports of primary commodities from the peripheral countries. How far has the trade policy of either the great developed countries or the developing countries faced up to the fact? Yesterday we listened with keen interest to an account of what has been done over the past twenty years to achieve the aims of liberalizing world trade policy on primary commodities. While acknowledging what has been achieved in that direction, it is plain that the developing world still has to contend with excessive protectionism, which aggravates instead of mitigating the adverse effects of technical progress on primary exports. Perhaps the most striking case is that of sugar. If there had been a deliberate intention to create a state of affairs that would disrupt the export trade of the developing countries, nothing could have been more to the purpose than the situation that exists in the sugar market today, where extremely high-cost production in the industrialized countries is encouraged at the expense of low-cost production in the developing countries. It is not that I do not understand the reason for this agricultural protectionism; I believe there are weighty reasons for it; but what is most remarkable is that the reasoning behind this policy has not been accompanied by a clear consideration of its effects on the developing world.

5. Turning to manufactures, what conclusion can we draw from the experience of the past few years? The conclusion is that the very well-conceived policy of liberalization in manufactures - a policy which has made possible, since the post-war period, substantial reductions in tariffs and the elimination of many restrictions - has not, as we are all aware, yielded any clearly measurable results for the developing countries. This is not surprising because the policy in question was based on the traditional idea of reciprocity, happily now abandoned. That idea, coupled with the lack of bargaining power of the developing countries, led to tariff reductions which have been so beneficial to the developed countries' trade, have had no parallel effects on trade relations with the peripheral countries because the latter were unable to grant equivalent concessions lest their industrial development should suffer.

It has at last been recognized that trade policy must differentiate between the developed and the developing countries, and that what is good for the one group is not necessarily good for the other. Fortunately, this principle of non-reciprocity, more aptly termed implicit reciprocity, has been recognized and it is to be hoped that it may have fruitful practical results in the Kennedy Round. We heard some encouraging words yesterday on this point. Let us hope that reductions of 50 per cent or more can be achieved for the products of interest to the developing countries, without the condition of reciprocity. But I wonder whether, even on the most favourable assumption concerning the
Kennedy Round, this will suffice to solve the serious problems of the external bottleneck which, in varying degrees, beset the developing countries. I do not think it will; I believe that, although a substantial cut in tariffs will certainly encourage some exports of manufactures from the developing to the industrial countries, it will not achieve the much greater results that would be produced by cutting the remaining 50 per cent, not for all countries - weak and strong alike but only for the weaker part of the international economic system. The more I ponder this problem, the more convinced I become that a policy of equal treatment for the manufactures produced by the peripheral countries in the large markets of the industrial countries - of equal treatment with those produced by the greatly superior technology of the industrial countries - is the least that could be done to encourage exports of manufactures from the developing countries. All this, of course, would be subject to the necessary safeguards against market disruptions. But let us not exaggerate the danger of these; representatives will recall how much talk there was of market disruption before the establishment of the European Economic Community, and how little damage has been inflicted by the liberalization of trade within the Community and the European Free Trade Association.

6. We are also in agreement that a policy of this nature, of equal treatment for the manufactures of the periphery, is not in itself the only answer. Clearly, if tariff reductions are accompanied by an increase in freight rates, we shall be taking away with one hand what we give with the other. This is not an original assertion, for Mr. Valenzuela, our Chairman, has been making it for some time in the UNCTAD Committee on Shipping. Moreover it was, I think, fully recognized yesterday that an active policy is needed to promote industrial exports from the peripheral countries. Due tribute was paid to the work being done by GATT in this field. I myself believe that the United Nations can play a major rôle in this connexion. It has done so already in a limited way, but from now on it will be able to play what I consider a vital part as a result of the establishment of UNIDO, the new organization for industrial development; for promoting exports does not always mean promoting the exports of existing industries. Many of the developing countries do not yet possess any export industries, and thus the task of promotion must begin from the ground up, with the founding of the industries concerned. This, again, cannot be done in a vacuum; it must be related to the establishment of other industries and to a plan of industrial development for both the domestic and the foreign market. In this connexion I am happy to say that UNCTAD and UNIDO will be working as a team, with funds spontaneously offered us by the United Nations Development Programme through Mr. Paul Hoffman, and with the valuable co-operation of the regional economic commissions, which have gathered so much experience in their respective spheres of activity and have played so important a part in encouraging the industrial development of the peripheral countries. It is clear, then, that UNCTAD, as an integral part of the United Nations, can play an important rôle in this matter.
7. If we assume that all this is done according to a clear and well-defined policy of preferences granted by the big countries, does that mean that no further effort will be needed in this direction? Of course not. I consider that the developing countries have a major effort to make in this direction - the effort gradually to transform the impressive array of industrial microcosms each a separate entity, which they have severally been building up in each geographical region. This is an inescapable requirement of modern technology. The lack of connexion between their domestic markets involves the developing countries in a tremendous waste of capital, not only because of the direct requirements of technology, with which we are familiar, but because the efficient application of technology requires active competition; this principle transcends any given economic and social system, for it is recognized ever in the socialist countries. Technology requires the developing countries to break out of these industrial microcosms into a wide economic area.

8. Some efforts have begun, and this encouraging fact was mentioned yesterday. But let us not delude ourselves: the same resistance, the same lack of understanding and the same want of political determination that we see in the developed countries in relation to a policy of preferences for the developing countries' manufactures, we also find in the efforts which the developing countries have begun to make, and even more so in those cases - the majority - in which such efforts have not yet started. I do not think that an enlightened policy on the part of the big countries towards the manufactures of the peripheral countries will produce by itself the requisite results unless the developing countries take the great responsibility of building up, with their own hands and by their own decisions, the wide economic areas which the world of modern technology demands.

9. It is plain that outside co-operation is also needed in this field. Technical and financial co-operation from outside is needed to promote sectoral integration in both industry and agriculture. Such co-operation is needed to strengthen the entrepreneur in the developing countries - without whose support no substantial practical results can be achieved in this matter - and gradually to reduce and ultimately eliminate, the differences in technology, in technological and capital density which separate him from more advanced entrepreneurs. Such a policy, in my opinion, is a need that must not be ignored.

10. Well then: will the liberalization programme end there? Will that complete the participation of the developing countries in a world programme to liberalize trade? By no means. If a preference policy is successfully applied and if, in addition, a policy of forming regional and sub-regional common markets or free-trade areas and of concluding special preferential agreements is actively pursued, as described by Ambassador Blumenthal yesterday
in very encouraging terms, conditions will be created in which the developing
countries can participate further, perhaps gradually, in the application of
a policy of reducing their own tariff barriers against the rest of the world.

11. There are, if we think about them, certain ideas handed down to us from
the nineteenth century that are still of great validity. Non-discrimination
and multilateralism are ideas which, in my opinion, have considerable cogency.
The great mistake which has been made is that of trying to achieve non­
discrimination and multilateralism throughout the world merely by means of a
formula, merely by repeating incantations in the hope of exorcising certain
evils, especially those that beset the peripheral countries. That is not the
way that will lead us, in time, to the application of these great principles;
the way lies through systematic and patient work to change the developing
world. When the industries of the developing countries grow stronger, when
they have reached a reasonable level of productivity, those countries can and
must resolutely apply a policy of tariff reduction, not only among themselves,
but also in relation to the rest of the world.

Is it conceivable that we can build up a multilateral world if the
developing countries share in world trade continues to shrink? I am very much
afraid that, under the pressure of circumstances, certain bilateral formulae
may gain ground. The external bottleneck might bring us back to that situation.
But as and when the external bottleneck is eased by the combined effect of a
preference policy and a policy of concluding regional or sub-regional agreements,
or agreements between countries in different regions; and when the bottleneck
disappears - for it is not an inherent feature of growth, but merely one stage
in growth - then multilateralism will be able to play an increasingly important
role.

12. Similar comments could be made regarding trade between East and West,
between the market-economy countries and the socialist countries. As matters
are developing I do not know how far we can draw a distinction between market
economies and socialist economies, since the market idea is gaining ground in
the socialist economies without destroying their essential features. A change
is taking place through the introduction of flexibility and competition, and in
connexion with certain basic market principles, but not a transformation of the
system itself. I well remember Mr. Fatolichev, the Minister of Trade of the
Soviet Union, stated during the first Conference on Trade and Development that
multilateral agreements were not excluded, and that the more numerous the
countries with which trade relations were maintained, and the wider the range
of products dealt in, the easier it would be to create the basis for truly
multilateral trade. This is my view also, and I believe that all countries
would benefit substantially. We must not overlook the fact that very important
steps are being taken in this direction to establish closer economic and trade
links between the socialist world and the market-economy countries. This will unquestionably have a favourable effect on the trade and development of the peripheral countries.

13. That covers my first point, relating to the changes that must be made in world trade policy to meet technology's requirements for wide economic areas. The second point - the mobilization of resources - also gives us little ground for satisfaction. All present are familiar with the statements made, with deep concern, by Mr. Woods, the President of the International Bank. He has reminded us of three interrelated facts. The first is that, in the course of the Development Decade so far, the countries members of the Organisation for Economic Co-operation and Development (OECD) have, with one recent exception, reduced the amount of financial resources transferred to the rest of the world - that is, to the developing world - in proportion to the very satisfactory growth of their own gross product. That is the first fact which takes us away from the pious hope expressed by the United Nations General Assembly that such transfers would amount to 1 per cent of the gross product of the developed countries. The second fact is that the increasing burden of the financial service payments which the developing countries must make to the developed countries already absorbs some 40 per cent of the new transfers that the former are receiving; for Latin America as a whole, that burden has in recent years reached 100 per cent. The third fact pointed out by Mr. Woods, with the authority of his office, is that the developing world could without difficulty absorb $3,000 million to $4,000 million more a year, that it cannot be claimed that there are no plans, no capacity to absorb this additional amount.

14. The necessary increase in transfers of resources must, of course, be supplemented by measures on the part of the developing countries to mobilize their own resources; this subject has long been under discussion. This is another requirement of technology, because modern technology demands a high capital density per worker; and as it comes into use in the peripheral countries it brings, along with its benefits, very serious adverse effects inasmuch as the investments being made are generally, with very few exceptions, insufficient to absorb the manpower available in the developing countries into the modern sectors of the economy. There is a manifest lack of dynamism which is already having serious economic, social and political effects.

15. Lastly - and this brings me to my third point concerning the requirements of technology - the question arises whether the developing countries, with a few exceptions that must always be borne in mind, are really doing everything they should to take full advantage of modern technology. If this technology is to be properly applied and assimilated, major changes must be made in economic and social structure, and a fundamental change in attitudes. Technology cannot be properly applied in agriculture if in a large part of the developing world
obsolete forms of land tenure still prevail, nor can industrial technology be
used effectively until there is vigorous social mobility in the developing
countries and the spur of competition is accepted. Full advantage cannot be
drawn from technology without a fundamental change in certain attitudes in the
developing countries. My views on this point are well-known, at least in
Latin America, and I dwell on them here only because I do not believe that even
the wisest and most enlightened policy of international co-operation in trade
and finance will be fully effective unless the developing countries also take
full responsibility for creating the economic and social conditions in which
such a policy can bear fruit.

16. But you must not think in making this assertion I am falling into the
common error of assuming that the developing countries must first make this
series of transformations and changes in attitudes - which will take years -
before the wise and enlightened policy of international co-operation can be
applied. I regard that idea as a very serious mistake because, if the rate of
development is low, if the progress of development in the peripheral countries
is precarious as in most cases it has been, then the difficulties and obstacles
to be overcome by the developing countries in carrying out their structural
changes and liberalizing their trade policy will be all the more serious and
persistent. It is one thing to reduce tariffs and remove restrictions when the
overall growth rate is 7 or 8 per cent and there is an expanding economy to
absorb the changes required by a policy of liberalization, and quite another
to attempt to do this when the growth rate is 2 or 3 per cent or even less.
It is therefore necessary to concert these measures and to create, on the one
hand, a policy of export expansion and of international financial co-operation
and, on the other hand, conditions favourable to the structural reforms and
changes in attitudes that must be made. In other words, there must be
"synchronized action", to repeat the expression used in the Trade and Development
Board to describe the combined action of the developed and the developing
countries.

17. It may perhaps be found surprising that I have not yet mentioned demographic
policy. I have no doubt whatsoever that a great development policy may be thwarted
in many respects unless determined steps are taken to slow down the excessive
rate of population growth. This very complex phenomenon is not only an economic
but also a social and moral phenomenon, and it is not for me to say what steps
should be taken or how they should be taken. There are, however, two things I
can say: firstly, that a prudent policy of birth control should be adopted, not
as an alternative to but as an element of a policy of international co-operation
for development. Let us not fall into the absurdity of recommending the
birth control pill as the expression of a wise policy of economic development.
Secondly, I would recall that the effects of such a birth control policy will
not be immediate except in a very few areas such as the demand for school
construction and for teachers. We must remember that the people already born and those being born now will form the labour force of the next twenty years. So far as I am aware, no one has yet brought out a pill to remove from our planet those who are already on it. They must be reckoned with, and they are going to exert heavy pressure on the modern sector of the economy during the next twenty years. Here I want to stress a point which is causing me increasing concern: the peripheral economies are not sufficiently dynamic to absorb this mass of human beings into the modern sectors of the economy at a satisfactory level of productivity. What is happening in the countryside and in the areas around the cities is not that people are idle but that, rather, they are inefficiently employed, forming a modern version of Marx's *Lumpenproletariat*, swarming on the fringes of large and middle-sized towns in Latin America, Asia and, as we now see, Africa as well. We are faced with a development which may assume gigantic proportions unless checked. Let us not expect too much from birth control, for it will be slow to take effect; it is the next twenty years that will see developing, with growing explosive force, the phenomenon of marginal populations - that is to say, of people who cling precariously to the margin of the benefits that modern technology is bringing to the advanced sectors of the economy.

18. I feel, therefore, that the time has come to give serious thought to applying the lessons learned from the favourable and unfavourable experience of the past few years. The world has never seen a policy of development and international co-operation, if by this we mean a methodical, well co-ordinated series of measures with clearly defined objectives and an explicit statement of the means of attaining them. If by policy we mean this, and not scattered measures, well-conceived and effective as many of them are in a specific sector; if by policy we mean a rational and appropriate combination of different measures, we are forced to the conclusion that the world has never seen a policy of international co-operation for development. It is essential that the foundations for such a policy should be laid as soon as possible. It is essential that the developed and the developing countries should take joint responsibility for the formulation of such a policy; it is vital not only to widen the scope of the measures taken and the changes made, but also to ensure that those measures are convergent, blended and synchronized. I spoke of laying the foundations, because this is a slow, complicated process. We have to begin with the foundations and to proceed step by step, but towards clearly defined objectives.

In order to avoid repeating past mistakes, this policy must allow for differences in degree of development. At the fourth session of the Trade and Development Board, the developing countries paid special attention to a new item which the Secretariat had not included in the agenda - not out of neglect but because it was thought to be implicit in other items - and which was then
placed on the agenda as a separate item. It concerned special measures relating to trade, technical assistance and financial assistance in favour of the least-developed countries. It seems to me that such a distinction must be made in a policy of this kind.

19. Furthermore I consider that the economic reality and the problems of development are well enough known, both in international organizations and at the national level, for a start to be made, within the context of this policy of developing international co-operation, on quantifying the objectives and the resources needed to attain them. I recently had the pleasure of attending the meetings of a group convened by Dr. B.R. Sen, the Director-General of the Food and Agriculture Organization, to discuss for the first time the Indicative Plan he is preparing in order to deal with the disturbing problem of the growing food shortage in the world. I consider this Plan to be of major importance, and it will compel us to do similar work in other areas. It is based, of course, on the urgent need to increase productivity in the developing countries. In these countries, as a rule, only a limited amount of new land is available, so that the problem will not be solved unless productivity is increased through an intelligent adaptation of modern techniques. I was also interested to learn what conclusions had been reached in the study prepared by FAO with regard to the effect such technological progress in agriculture would have on rural employment. The greater the advancement of agricultural technology in the developing countries, the more pressure the manpower potential in search of employment will bring to bear on the modern sector of the economy. We must be prepared for this; and this means that no agricultural development plan can be made or executed independently of a general development plan which takes these effects into account. Looking at the problem from another angle, one of FAO's preliminary conclusions is that the food shortage problem can be solved in part by increasing trade among developing countries. We do not yet know how far this will be possible; but Professor Kristensen, the distinguished Secretary-General of OECD, who attended the meeting, said that, even if the developing countries made that effort, the developed countries would have to convert themselves gradually into suppliers of agricultural commodities to the developing world, quite apart from keeping pace with the increase in their own consumption. This raises another serious problem. How are the developing countries going to pay for such imports, which they will have to take on an increasing scale? The assumptions on which Professor Kristensen based his projections are open to discussion, as are those underlying all projections; but I have not the slightest doubt that we are witnessing a structural change in the composition of international trade between North and South, and this raises a very serious problem which, if we are concerned for the future, we cannot ignore. This problem must be tackled now. Professor Kristensen thinks these imports could be paid for with industrial products which the peripheral countries would send to those at the centre. There can be no thought of a
systematic policy of subsidies. The developed world is right to subsidize the developing world with foodstuffs in order to meet special situations, but that is not a permanent solution because it means subsidizing consumption, mobilizing resources for consumption, and what the developing countries need is a mobilization of resources for investment. Let us not return to the subsidy policy of the days of the world depression, when subsidies were paid to the unemployed as a first step until the policy of economic expansion was adopted, the solution which brought Europe and the United States to the affluence they enjoy today.

20. All this shows that there is a fascinating area in which we shall have to deploy a methodical activity. We must combine measures, gather experience, quantify the various aspects of these interdependent developments, consider the position of the relatively less-developed countries and determine mutual responsibilities. The policy of increased access to markets for the primary products of the developing countries and the policy of preferences for their manufactures and semi-manufactures will have to be combined with a policy of integration and expansion of trade among developing countries. The policy of commodity agreements - where these can be reached - and above all the policy of supplementary and compensatory financing will have to be combined with anti-cyclical measures adopted by the developing countries themselves as their share of the responsibility for reducing the effects of the fluctuations which so beset their economic development.

21. Lastly, if we achieve an adequate programme of international co-operation, that programme will also have inescapable requirements. It must be recognized that a plan involving a vast mobilization of resources on an international scale - a mobilization of net resources, after deduction of outflows - must be made with clear-cut objectives for economic and social development in the peripheral countries; it must be made with a view to those objectives and not independently of them; it must be made in terms of economic and social development plans, and in keeping with the validity of those plans. But we must not forget that such plans are the expression of an economic and social policy, and such a policy, as we well know, cannot be imposed upon the developing countries. Any attempt to do so would be self-defeating in the long run, and consequently the policy must be agreed upon at the international level. It must be worked out in concert, each party bearing his share of the common responsibility. This description, however, does not suffice to solve a very complicated problem. We all know what mistakes have been made in the past. This is a very delicate matter, and I do not propose to go into it now; but it does nothing to weaken my conviction that the time has come, first to prepare the broad outline of a plan of international co-operation for development, and then to refine it gradually in the light of experience.
22. All these ideas that are emerging at the meetings of UNCTAD and GATT, and at those of various international or regional bodies, are ideas which have taken shape gradually. In the conception and encouragement of these ideas the United Nations has had, and still has, a most important part to play. There is thus a vital rôle for the United Nations in the formulation of the development policy, and co-operation will be needed from every possible source in view of the vast field to be covered.

23. Let us recall some of these ideas. The principle of non-reciprocity, of which a great deal is expected, was a theoretical idea, far from practical at the time, which was advanced on the periphery, at meetings of the United Nations regional economic commissions. The same sources have produced many other ideas over the past twenty years, and many of these have gained academic respectability which they had not had before. Others are still suspect as heresy, but the day will soon come when they are recognized as serious ideas to be taken into account in the formulation of a new international policy. The idea of economic integration of the periphery first saw the light of day in the regional economic commissions of the United Nations, as did the idea of economic and social planning, which was so strongly opposed in the early days but which is now accepted among those who think, those who lend and those who advise. This is true of a number of ideas, and I believe this process will continue.

24. I would observe in passing that these very ideas, which have emerged and taken shape inside and outside the United Nations, in the practical and the academic world, have led to the establishment of UNCTAD and to the transformation of GATT. I do not wish to boast, and to claim that UNCTAD has influenced GATT. The establishment of UNCTAD and the transformation of GATT are the result of an intellectual and political process that has been taking shape and developing over the years.

25. But the similarity of results is also leading to a similarity of action. On this point I wish to speak with due respect but also very frankly. Part IV of GATT is very similar to the Final Act of UNCTAD, except that it has the very estimable merit of conciseness. It was possible to think, in the early days, that the purpose of including Part IV in the General Agreement was to guide GATT, in its traditional activity of tariff negotiations, in a framework similar to that of UNCTAD, in order to harmonize the activities of the two institutions. In the early days I likewise believed that this is what would happen, since the member governments recommended both institutions to avoid duplication of effort and needless overlapping. Since then, however, the same governments which gave us those instructions have followed parallel courses in the two organizations, bringing us closer together in image, though not always in outlook. I do not think I am exaggerating when I say that there are some economists in GATT who still do not believe in the existence of the trade gap.
Here they are in distinguished company. A United States professor, for whom I have the greatest respect and admiration because of his constructive activities in the developing world, stated in a lecture he gave a few months ago that it was a mistake to believe in the existence of the trade gap, that there was no such thing, and that it was merely something thought up by UNCTAD experts before the first Conference. He also said, however, that there was no denying the disparity between the import needs of the developing countries and the slow expansion of their exports. But that is just what the trade gap is, this disparity between the slow growth of exports and the rapid growth of imports. Let us not turn the trade gap into a metaphysical concept beyond the grasp of ordinary mortals.

26. Well then, except for the minor differences which will, I think, be smoothed out as time goes on, it is plain that two bodies are developing for international action in matters of trade and development. I state this fact in no spirit of criticism or recrimination, because the same governments which established UNCTAD and adopted the Final Act - not all of them, but the same - are the governments which have taken a parallel course in this other institution. It is for the governments to guide the action of the secretariats. My relations with Mr. Eric Wyndham White could not be more cordial. We both suggested to the United Nations Administrative Committee on Co-ordination that the functions of the Sub-Committee on Commodity Problems should be broadened, but until the governments tell us exactly what they want done the secretariats, with the best will in the world, cannot go very far. I do not think it would be any more of a pleasure for Mr. Wyndham White than it would be for me to waste time on abstruse jurisdictional discussions which lead nowhere except to the writing of some reports on co-ordination which we then bring out amid government applause, to say that we are indeed co-ordinating our work. The fact is that we are not co-ordinating, because we are not allowed to co-ordinate. I must speak quite frankly because we are being asked to do the impossible, we are being placed in a quandary. On the one hand, we are asked not to duplicate each other’s efforts or to allow one institution to overlap the other, and on the other hand we are led into duplication and overlapping.

27. And so we are following parallel courses. What is the solution to be? Do governments really want two organizations working in parallel? Or may we hope that, through some clever piece of geometry, the two parallel lines will eventually meet? Yesterday I listened to the distinguished representative of Switzerland who told us - if my memory serves me right - that we should combine our efforts. I too am of that opinion, in view of the magnitude of the problems we have to tackle. But how we are to go about, I cannot say. If the governments want to continue along the parallel course, we shall follow that course, but if they want a rational organization of our aims and activities, some effective means of achieving it will have to be found.
28. However that may be, I believe that the United Nations has an essential part to play in all this: not only by contributing ideas, not only by helping us to understand the diversity of the world accounted for by differences in degree of development, not only by assisting at the birth of new ideas that can subsequently be translated into rules or principles of action, but through something which, I believe, is already of historic significance. I refer to the fact that the establishment of the United Nations marked the first beginnings of a clear recognition of the existence of the developing world, of a world different from that of the great industrial countries. It began to be recognized that what was good for the developed countries was not necessarily right for the developing countries. It began to be recognized that a diversity of policy was needed in seeking a single objective - that of speeding up development. The developing countries were helped to become clearly aware of their own problems, their own responsibility, and of the need to accept their responsibility jointly with others, not only in connexion with development problems of direct concern to them but also in connexion with other problems which are of concern to the big countries and which affect the developing countries. Here I would mention the Group of Ten in connexion with the proposed reform of the international monetary system. Ten big countries decided to join in discussing this problem without the developing countries. Naturally they have vital interests to look after but, as has since been acknowledged in the International Monetary Fund and to some extent in UNCTAD, it was very useful to hear the views of the developing countries on those aspects of the proposed reform which are of concern to those countries.

29. On all these problems, United Nations action is of great significance in providing support for the weaker part of the world's political and economic system, in contributing new ideas and, above all, in giving specific and rational expression to the aspirations of the developing countries and averting, so far as possible, violent confrontations which, by their very violence, might generate heat but would not necessarily produce the best solutions.

30. The first Conference on Trade and Development had to be a conference of confrontation. I hope that the second Conference will not be of that kind, but that it will constitute essentially the exercise of a joint responsibility, a constructive conference, a conference leading to action - to the action which the developing countries are waiting for, and in which the developed and the developing countries alike will have an inescapable responsibility.

31. Let us not forget that there is no denying the seriousness of what is happening in the developing world, that we cannot escape from reality simply by turning our backs on events. Prosperity and affluence in private life often lead to indifference. A similar indifference in the face of the great problems of development would be fraught with dire consequences for the entire world.
32. While the northern countries are drawing closer together for the benefit of mankind in spite of differences in political and social outlook, while ideological differences are yielding to pragmatic formulae, while a new economic and social world, a world of co-operation, is being built there, we should be able to discern signs of the same sense of purpose in relation to the developing countries. This problem too ought to be tackled as a matter of urgency, for I do not believe that the developing world can continue to drift as, unhappily, it is doing now.

33. If events continue on their present course, we shall witness increasing disorder, increasing instability and perhaps chaos, with tremendous political and social repercussions. When that happens, I do not think that the developing countries can be told to acquire political stability, to follow a code of good behaviour, and then all will be well. To attain stability, systematic efforts must be made to create the conditions required to increase the rate of growth and gradually to give the developing world a different content from that it has had, a content which must be clearly determined in defining the objectives of a broad development programme.

34. Unintentionally, and carried away by what some might describe as misplaced youthful enthusiasm, I have spoken at greater than necessary length. I beg your forgiveness and thank you for the patience with which you have listened to me.