I believe that this general debate has been very useful so far, and I should like to avail myself of this opportunity to indicate certain features of the problems lying ahead of us which have given place to some misgivings on the part of the Brazilian Delegation.

I shall be very brief, however, and confine myself to the most general aspects of these problems, leaving to the Committee stage of the discussions whatever further elaborations on the subject are deemed necessary.

The essence of the point I want to make concerns the very goals of the General Agreement. It is a well known fact that, in human relations, there is a tendency to confuse ends and means, and very often, we incur the fault of raising our means to the rank of final ends thus losing sight of our ultimate objectives. Since this is a very common but very misleading procedure we should go a great length in avoiding that in our work, so as to be as clear as possible about what we are trying to do.

The objective of international economic co-operation is undoubtedly to increase the productivity of the world as a whole so as to obtain higher standards of living for all countries.

There are of course, more than one means to higher productivity and if any substantial progress is to be made in that direction it is obvious that most of these means must be employed simultaneously. They are, in a general way, the stimulation of an international flow of capital for economic development, the development of international trade, and the maintenance of economic stability and full employment of resources.

The international capital is necessary in order to increase the productivity of the underdeveloped countries, which are confined within the well known vicious circle of low per capita incomes because of inadequate investments; inadequate levels of investment because of low levels of savings; and reduced savings because of low per capita incomes.

International trade is necessary not only because it permits a better allocation of scarce producing resources, but also because of the qualitative inadequacy for investment of the savings that may be eventually squeezed out of consumption by underdeveloped countries. Most of those savings must be transformed into capital goods whose manufacture presupposes highly skilled
technological and industrial processes. International trade is the means through which qualitatively inadequate national savings may be transformed into the sort of international savings which are fully adequate for the purposes of investment and development.

Finally, without adequate measures for the maintenance of full employment of resources in all sectors of the world economy, all the goals of higher standards of living for both underdeveloped and developed countries would be frustrated.

Because they were fully aware of the complementarity of these three means to its stated ends of higher standards of living for the peoples of the world, the United Nations did face squarely, from the beginning of its activities, the three aspects of the problem.

Through the Bretton Woods agreements it was thought that the long run problems of investment for development and the short run problems of reconstruction and stability in international payments would be solved, and through the International Trade Organization the stimulation of a free and multilateral expanding trade seemed to have been secured.

Experience, however, has shown that without an adequate flow of private capital for development, (the expectations for which did never materialize) both the resources at the disposal of the International Bank for Reconstruction and Development and the lending criteria adopted by that Institution have proved to be utterly inadequate to the task of development.

The International Monetary Fund activities, on the other hand, in the face of the inadequacy of long term international investment, and also confronted with the scarcity of its own resources, could do nothing but accept the indefinite prolongation of a "transitional period" whose end no-one may yet visualize, since it shall come only when adequate development of underdeveloped countries has taken place.

The GATT itself, which at a later stage should have been integrated within the more encompassing activities of the I.T.O., cannot but suffer from the fact that without the operations of its "monetary partner", the International Monetary Fund, its own activities must perforce be drastically curtailed.

It is quite obvious that when the solution of the problem depends upon the implementation of different complimentary and interdependent measures, any failure in implementing one or more of these measures jeopardizes the attainment of the ends. And in this special case, any attempts to implement the other measures as if they were ends in themselves and not simply means to the final end of economic development, cannot fail but to bring very frustrating results.
I do not think that it is necessary to go into the details of the case, since all representatives of the Contracting Parties are certainly quite aware of what I am talking about.

In a world split between highly developed industrial countries with substantial per capita incomes, on the one hand, and underdeveloped countries with very low per capita incomes on the other hand, international investment would provide the only means to the acceleration of economic development within a régime of relative commercial freedom. But even with the help of international capital the process of development is, in itself, a disequilibrating process, not only because the propensity to import grows faster than per capita incomes, but also because the capacity to import depends upon a less dynamic factor, namely, the low price and income elasticity of international demand for the characteristic exports of underdeveloped countries. It should perhaps also be mentioned that development entails drastic qualitative changes and the pattern of trade for both underdeveloped and developed countries.

In the case of inadequate levels of international investment, or its complete absence, these changes are much more drastic and must perforce involve a very strong effort of adaptation on the part of underdeveloped countries, and this effort of adaptation is eventually translated into safeguards for their balance-of-payments - the sort of safeguards that are often considered to be heresies by this Organization.

Our distinguished Chairman, in his enlightening statement of yesterday, made some very pertinent remarks about the problem of underdeveloped countries. He pointed out the need for a set of rules that would guarantee adequate prices for their export supplies and an adequate supply of capital goods for their development. My delegation agrees that this would be very desirable, but we do not yet foresee either what this set of rules may be or when they may be put into force.

In the meantime to rely simply on trade freedom and to expect at the same time that a spontaneous process of development for underdeveloped countries is going to take place under a régime based on comparative advantages is more than theory and experience permits at this late stage of the world economic life.

The Contracting Parties must thus be very realistic and take full cognizance of this problem. If the objective of international economic co-operation is really the attainment of higher standards of living for all, and not simply the maintenance of high standards for a few, the special case of the late-comers in the process of development must be fully considered and greater flexibility and adaptation introduced into the General Agreement. My delegation recognizes that freedom of trade in a world of economic equals, with full international mobility of factors, would be an ideal to be gradually attained through patient effort and concerted action. But it also feels that given the present world economic structure, and in the absence of international investment in adequate
magnitudes, it would be against the most legitimate interests of the underdeveloped countries to accept the same set of rules that suits the convenience of developed countries, for the regulation of their own trade.

In the light of these comments I want to indicate the willingness of my delegation to accept the extension of the time validity for the application of the schedules (Article XXVIII) for a relatively short period, such as one year or eighteen months. This would be a reasonable period within which all governments could consider what changes should be introduced into the General Agreement, so as to make a more realistic instrument of it. It would also give time to the potential capital exporters to redefine their economic policies in the face of the end of the Korean conflict. And, finally, would give time to underdeveloped countries, or better countries in the process of development, to formulate their targets and individual programmes for development with full knowledge of the magnitudes of the international resources to be made available to them.

Thank you, Mr. Chairman.