

can be brought to the point of self-sustaining economic growth, the result will be beneficial not only to themselves but also to the advanced countries. For it would mean the enfranchisement of millions upon millions of potential consumers, the opening up of vast new outlets for the growing productive capacity of the advanced countries, and a consequent expansion of world trade and world economic growth.

I have been trying to sketch in very broad brush strokes a problem which seems to me -- as I am sure it does to you -- one of the most crucial problems facing us in the free world today. In doing so I have spoken of the less-developed countries as a group. But the world does not, of course, divide so neatly into advanced countries on the one side and less-developed countries on the other. Development is a continuous spectrum and even among less-developed countries there are vast differences in the degree of development. Some of these countries have taken very substantial strides forward in the direction of expanding and diversifying their economies. Others are still a very long way from reaching that point. All the less-developed countries, however, will need to continue to rely for some considerable time to come on international co-operation with their own efforts.

Trade of Under-developed Countries

Before I venture to suggest what form that international co-operation could best take, I would like to say a word about trade on the part that trade has played in relation to the development needs of the less-developed countries. The fact is that these countries have not shared equally in the tremendous post-war expansion of world trade. At a time when their import requirements were becoming more and more pressing, the value of their exports increased at only about half the rate of those of the advanced countries of the free world. As a result the share of the less-developed countries in world trade declined from about a third in 1950 to just over a fifth in 1962. Over the same period, their trade balance with the rest of the world deteriorated from a sizable surplus to a sizable deficit.

This has happened, in large part, because of the structure of the trade of the less-developed countries. Nine-tenths of their exports consist of primary commodities. Indeed, some of these countries rely on one or two such commodities for the bulk of their export earnings. Now it so happens that the demand for primary products has not in recent years proved to be anywhere near as dynamic or as stable an element of world trade as the demand for manufactured goods. This has naturally been reflected in the level of the export earnings of the less-developed countries and in the terms of their trade with other countries. It has also convinced these countries that only a greater diversification of their economy is likely, over the longer term, to enable them to improve their position in world trade. In the meantime they feel that their weak economic position should somehow be given greater recognition in the present world order.