

Four points are worth making here in trying to explain how and why this collision occurred:

- (1) The system of economic co-operation inaugurated after the Second World War was a striking achievement in its time. The countries involved affirmed their intention to accept responsibility for one another's welfare and economic growth to a degree without precedent. That system, however, was created by and for the benefit of Western countries. There were fewer than 20 developing countries at the time, mostly in Latin America. The architects of the postwar system could not foresee the scale and complexity of the development problems of the Seventies.
- (2) The postwar approach was reflected in the initiation of aid programs, which have grown from modest beginnings to the sophisticated network of international mechanisms and bilateral programs that exists today. These programs have had a very great effect on the growth and welfare of developing countries. Aid made a significant contribution to this growth, comprising about 10 per cent of total capital investment in developing countries. But, much more important, the unprecedented economic growth in developed countries during the past 25 years has caused the gap between rich and poor to increase in absolute terms.
- (3) Recognition of that widening gap precipitated the crisis of confidence in 1973-74. Since the early Sixties, the developing countries have, by their numbers and solidarity, progressively dominated the UN and greatly influenced the other organizations of economic co-operation. For 15 years, they have presented and pursued their demands for changes in the structure of international trade and finance. There is hardly a proposition in the New Economic Order that cannot be found in the *Prebisch Report*, which led to the creation of UNCTAD in 1964. The developed countries have responded to these demands and needs by a variety of measures during this period. But, from the standpoint of developing countries, the pace was always too slow and the response too fragmented.
- (4) Faced with the crisis that confronted them in the mid-Seventies, it is not surprising that developing countries addressed their demands for faster progress and a more flexible response to their needs in a united and determined way. With the volume of aid flows nullified by the rise in energy and food costs, with fluctuations in the major reserve currencies that reduced the value of their foreign-exchange reserves, with enormous balance