

An important feature of this development is that, since the hesitation of 1954, the more industrialized countries of Europe and North America seem to have generated a new phase of economic expansion. Recent growth is marked by the fact that it is stimulated and sustained by rising fixed investment and consumption of durable goods. Perhaps the significance of this can be illustrated by recalling that the previous upsurge was based on government expenditures for defence and an inventory boom resulting from the outbreak of hostilities in Korea. It has also been accompanied by a sharp increase in the volume of world trade including a five per cent increase in purchases by industrialized countries from primary producers. This expansion has not been accompanied by any serious problems of internal or external balance.

An important result of these developments is that the doubts created by the pre-war depression over the ability of free men to control economic forces has been replaced with a growing confidence that we can, to a considerable degree, harness the economy to ensure rising levels of material welfare. This new confidence has led to the adoption of a variety of measures aimed at maintaining continued economic growth under stable conditions. In recent years efforts in this direction have largely taken the form of monetary measures. Inflationary and deflationary forces seem to have been kept in a reasonable degree of balance. We may agree with the world economic survey that "one decade of prosperity provides no proof either that the world has acquired permanent immunity against the business cycle, or that the national and international remedies in its medicine chests would be sufficiently potent to cope with another of the disease". At the same time I believe it is fair to say that we have acquired a better understanding of the interplay of economic forces and increased our capacity to achieve both security and progress under conditions of freedom.

Social as well as economic benefits have been widespread. The large-scale unemployment that existed in industrialized countries in the pre-war period has been wiped out. The same areas have achieved a substantial rise in standards of living. The increased use of progressive taxation and adoption of social welfare measures have resulted in significant improvements in the distribution of income.

On the other hand my delegation is concerned over the fact that large numbers of people still live in poverty. Despite ten years of unparalleled growth the increase in living standards in under-developed countries has been far less than we would wish. Incomes have not yet grown to the point where they generate annual savings at a rate adequate to finance a continuing expansion of productive capacity per head of population. Much under-employment remains and there is still a scarcity of capital. Inflation and balance of payments difficulties have not yet been overcome.