

personnel. In MDCs, money for capital investment is obtained through savings. In the United States, and most other MDCs, investment (and savings) characteristically runs at a rate of some 15 percent or more of national income. The ratio of savings to income is lower in LDCs--less than 10 percent. Increased income is most often spent on increased consumption at the expense of increased savings.

Indigenous savings cannot provide sufficient funds for adequate development in the LDCs at this stage; other sources must be found. Obviously the term "underdeveloped" is not to be defined as merely needing help from outside sources; it describes a reality of sub-par economic achievement. The reality is one of poverty, and inadequate means to escape that poverty.

The real plight of the LDCs is to be seen in terms of the chronic defects that can be simply summarized as the absence of political will, on the part of both LDCs and MDCs. These defects are notable in the lack of effective priority in sorting out and coping with the self-perpetuating poverty of 70 percent of the world's population. To anticipate a conclusion discussed later, UNCTAD's greatest accomplishment could be in providing for such political will in MDCs and LDCs and in harmonizing the conditions of its exercise.

The problem of establishing the necessary political will is currently complicated by specific misgivings in the field of private enterprise. From the standpoint of private investors there is a lack of confidence in LDC political stability and efficiency. Similarly, the LDCs share the growing concern of all capital receiving countries over the possibilities of investors' undue influence in local policy. The forging of compatible political will on both sides promises to be as formidable as it would be rewarding.

The Big Roadblock Hampering Increased Production: Capital Lag

Underdevelopment implies a lack in the many factors associated with increased production and the translation of that increase into a higher standard of living. The most critical scarcity associated with underdevelopment is, in the broadest sense, capital. Moreover, capital growth is the core process on which all other aspects of growth depend. The improvement of infrastructure, education, training of workers, and new production facilities are all forms of capital investment. Without extensive