

So no matter what transformations occur in the world economy, the wealthier countries will have to maintain development assistance programmes. It may not be the answer to the problems of the Third World; but it is certainly an essential component of the development equation. In fact, I would compare the function of international aid to that of equalization payments and other federal grants within the Canadian framework: it seeks to ensure that, in the long run, none of the peoples in the community of nations will be forced, for lack of means, to live below the minimum standard set for human decency.

In this respect, I should say that I have been most concerned recently by the stagnating levels of development assistance in many traditional donor countries and by the cuts which economic difficulties have forced some donors to practise in their aid budgets. These alarming developments unfortunately buttress the point I made earlier: that economic interdependence is a reality from which there is no escape. The balance of payments difficulties of one group of countries, which have caused them to reduce their financial assistance to a second group of countries, resulted less from domestic mismanagement of their economy than from a four-fold increase in the price of energy imposed by a third group of countries! And the downward spiral can go on: less development assistance will mean fewer imports by developing countries; less imports will mean a smaller output of manufactured goods by industrialized countries; less output of manufactured goods will mean fewer imports of raw materials from developing countries; and so on.

It is urgent that we cut through this vicious circle everywhere possible, if we wish to restore the rate of growth of the world economy at a high but sustainable level. I would suggest, for example, that donor countries for their part undertake to maintain at the very least the real value of their development assistance budgets which, in present inflationary conditions, would necessitate a nominal increase of over ten percent a year in most countries. I should point out that the impact of stagnating assistance from traditional donors has been somewhat cushioned by the entry into the breach of OPEC countries. Whatever may be said of oil-producing countries, the contributions they have made to the Third World cannot be denied. Already, for example, several Arab countries have allocated to development assistance a larger proportion of their GNP than the target of one percent suggested by the United Nations. This is a welcome development, which indicates that in whatever new economic order may emerge in the future, there will be a sharing of the burden as well as a sharing of the wealth.