

the World Bank and programmes under the auspices of the United Nations in the field of aid to less-developed countries. Canada has also provided considerable aid bilaterally through such programmes as the Colombo Plan.

#### Balance-of-Payments Problem

Canada has an unusual balance of payments and exchange-rate problem. An unfavourable current account balance emerged in the early 1950's and widened to almost \$1.5 billion a year in 1956 and 1957. Despite changes in the level of economic activity since that time, it has not fallen below \$1 billion a year. This is a very considerable amount for a nation of 18 million people. On merchandise account our unfavourable balance has diminished since 1956 but the unfavourable invisible balance has increased.

This large surplus of imports of goods and services is matched by, and is indeed largely the consequence of, a net inflow of foreign capital, the greater part of which has been long-term capital. The readiness of non-residents to invest in Canada and acquire Canadian securities has been sufficient to maintain the Canadian dollar consistently at a relatively high level in the exchange markets. This level of the exchange rate makes it more difficult for Canadian producers to compete with foreign goods in Canada and abroad, and is less welcome when the Canadian economy is not fully employed. This example serves to emphasize the difficulties involved in adapting our inter-dependent economies so that they may develop toward a high and rising level of economic activity.

There have been suggestions in Canada that we should attempt to meet some of our difficulties through policies amounting to economic isolation. Canada has, however, continued to follow policies which provide a favourable climate for productive investment by other countries in Canada and we have continued to seek an expansion of our trade and economic interests in and through an expanding world economy.

I assure you that Canada will continue to play its full part in promoting fruitful international economic co-operation. At the same time my country cannot ignore the internal problems to which I have drawn attention. In these circumstances, if the aims of the OECD Convention are to be realized, I suggest that a special responsibility rests with those OECD countries which are enjoying rapid growth and substantial balance of payments surpluses -- a responsibility to adopt outward-looking policies that will contribute to what I might term an "expansionist" solution of problems which other members such as Canada may be experiencing. The OECD can play a valuable role in encouraging such policies.