

Need for trade

If, in addition, change is to be progressive, not regressive, then international institutions, for example, will have to take greater account of developing countries' specific difficulties: access to international capital markets, greater security in commodity prices, access to technological skills and to markets for manufactured products. The primary need of those countries with growing export potential is, as the slogan says, "trade, not aid". The role of private enterprise will have to be acknowledged and encouraged by recipient and donor countries alike.

Official aid is also going to be essential, especially for the poorest countries, for a long time to come. These countries will benefit least from the new technologies and from the evolution of international institutions and of the trade and payments system. Quite simply, their economies are so rudimentary that progress for them can only come very slowly.

I see my own country's aid programs continuing to focus on the poorest countries. We shall increasingly concentrate on what we do best — agriculture, energy and the development of human resources. In these three sectors Canadian capacity and the poor countries' needs best coincide.

We must all strive to increase the amount of the aid we give. Canada is committed to donating .5 per cent of its gross national product as aid by 1985 and will endeavour to go even beyond to .7 per cent by the end of the decade. We have recently joined with the U.S., Venezuela and Mexico in an initiative in the Caribbean Basin which combines many of the elements of reform to which I have referred and whose goal is to get at the social and economic conditions which cause instability and revolution in the first place.

Finally, of all the challenges facing Canada and the United States in the 1980s, the preservation of the international economic system is perhaps the most basic. Unless the Western economies can be put well and truly on the road to recovery, the other challenges could go by default. How will we come to grips with the problems caused by subsidized agricultural exports? At a time when our automobile industry is in trouble, how will we deal with massive imports of automobiles and still preserve the liberal international trading system? More fundamentally still, what will happen to our traditional industries in the face of low-wage cost competition from the Third World? These are difficult enough questions in the best of times. They are much more intractable when governments are facing record levels of unemployment.

**Liberalization
of trade for
prosperity**

In the present recessionary cycle, we must resist protectionist pressures. Protectionism in one guise or another — from technical standards to notions of reciprocity — may be good short-term politics. But we all know that prosperity is far better politics. It is trade liberalization not protectionism which has led to the unprecedented prosperity of the postwar era. The tariff cuts agreed to in the Multilateral Trade Negotiations will be phased in by 1987. We must ensure that they are not replaced by non-tariff barriers. The General Agreement on Tariffs and Trade (GATT) dispute settlement machinery must also be made to work effectively. The GATT ministerial meeting later this year will be a major test of our commitment to preserving the open international trading system.