

he population, exaggerated by the inflationary experience of the past decade. *Economic relations among industrialized countries, in the past involving a division of the fruits of growth, may in the future be characterized by an apportionment of the burdens of adjustment.*

The necessary structural adjustments to cope with the circumstances faced in industrialized countries cannot be dealt with as effectively in a period of low growth. Accordingly, it would be wrong to accept with resignation the prospect of mediocre growth for a prolonged period.

Renewed efforts aimed at innovation in the energy and resource fields may act against some of the more depressive longer-term factors identified here. It also appears that the "engine of growth" that might turn the process round in the next decade lies in the Third World. While industrialized countries are over-saving and under-investing, there are enormous opportunities in the Third World. Investors are understandably cautious, wary of political risk as well as normal business risk. Even OPEC surplus countries, which

are part of the Third World in terms of political solidarity, tend to invest their surplus money in Switzerland or the U.S.A.

The worst way to cope with this situation would be to allow industrialized countries and developing countries to slide into confrontation. Unfortunately, the causes of potential confrontation are at the heart of the need for structural adjustments in the future. Low-cost textiles, footwear, electronics goods and other products from Third World countries trying to industrialize are displacing the products of less-competitive manufacturers in developed countries.

While the Third World needs the investment and technology of the industrialized world to achieve more acceptable living standards, industrialized countries need the dynamic effect on their own economies of all the unfulfilled demand, untapped skills and unexploited resources of the Third World. Interdependence has never had more real meaning, or constituted a more important challenge.

How "official" Ottawa views the Third World

By P. V. Lyon, R. B. Byers and D. Leyton-Brown

According to a recent survey of elite opinion, four-fifths of the makers of Canadian foreign policy agree that world peace depends upon narrowing the gap between the rich and poor countries. A third perceive that the likeliest source of global instability in the coming decade will be the North-South tensions, while less than a twentieth now perceive that the primary threat is the continuing East-West rivalry. Over half believe that Canada's development assistance should be doubled. Responses such as these to the survey questions might well convince you that official Ottawa is seriously concerned about the Third World. You would be wrong.

A similarly erroneous conclusion might be drawn from the speeches of our leaders, most notably those of Pierre Trudeau. For example, in a moving but little noted speech to the Canadian Jewish Congress in 1974, Trudeau said that if "Canada's presence in the world" was to

be judged by a "single criterion," he hoped that it would be its "humanism, its pursuit of social justice . . . Canadian foreign policy would be meaningless if it were not caring" and "our compassion must have no geographic focus". In his celebrated Mansion House speech a year later, he went even further in demanding "an acceptable distribution of the world's wealth". Such statements have been noted in Third World capitals, where no Western leader enjoys a better reputation than

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