

There is, of course, no single, simple solution.

Better use must be made of available food resources, particularly the rich larder of the sea. Acres of barren land must be made to produce with the aid of modern techniques and fertilizers. The skills which we possess in the industrialized countries must be transferred through the classrooms, now springing into eager life in Asia, the Caribbean, Africa and Latin America. We must be ready to help the developing nations to harness the energy of river and tide to generate the power needs of new industry. We must provide the capital resources to launch new undertakings.

We must also be prepared to make adjustments in our own economies. The transfer of production skills and the encouragement of industrial growth is given meaning only when accompanied by the offer of a remunerative market for the products of others. This could involve the reduction of trade barriers, the signing of international commodity agreements or the acceptance of increased quantities of manufactured goods from developing countries, and we shall have to meet these facts squarely if trade is to grow from aid to become the busy two-way street that leads to higher living standards for all.

This is the totality which must be envisaged. Neither trade nor aid can be viewed in isolation, but only as complementary forces.

In recent times, despite an overall increase in world trade, the rise in export earnings of the developing countries has been only 3 per cent a year, far less than they require to sustain satisfactory growth and totally inadequate to meet the demands of increasing populations. One-quarter of their essential import needs are met by foreign aid. But, in addition to this aid, and in addition to the \$30 billion a year they are earning from exports, the World Bank estimates they could make constructive use, during each of the next five years, of some \$3 to \$4 billion more aid than they are now receiving.

Review of Aid Programme - General Policy

Relatively speaking, Canada is not a major contributor to the total volume of aid or financial resources flowing from developed countries at a rate of more than \$10 billion a year. Our aid can never be more than part of a broad collective effort. Surely, then, it is all the more important that our aid be used wisely, with maximum effect.

It was for this reason that I caused a searching review of the aid programme to be made earlier this year - a review to which many departments of government contributed and to which were applied the latest theories developed in the laboratories of the science of development assistance. That review has led to decisions concerning many important aspects of that programme: an expansion in the level of the programme; increased flexibility in meeting the financing problems of developing states; emphasis on aid to countries likely to achieve a significant rate of growth fairly quickly; participation in programmes producing benefits for many nations.