

published three reports, the third one a month or two ago which called for urgent and imaginative action because prevailing growth rates will not reduce the income gap between the developed and the developing countries by the end of the century.

The government has clearly not learned enough about the cause of the rich-poor gap, or the minister would not give this House the superficial analysis that it was the OPEC intransigence in refusing to enter into an energy dialogue that led to the CIEC disappointment. Nor would he ascribe the lack of agreement to the specious argument that guarantees on the purchasing power of exports and a general debt moratorium were beyond the powers of the industrialized countries.

The real reason that CIEC ended with a whimper was because the industrialized countries tried to buy world economic stability too cheaply. In the face of declining official development assistance, and developing countries' debts of \$165 billion, the special action fund of \$1 billion is a cruel joke. How can we expect the oil producing nations to co-operate with us in establishing energy prices so that we can plan ahead when we do not co-operate with the developing world in helping to rectify their trade imbalances and foreign exchange earnings? What the industrialized countries have yet to learn is that the time for rhetoric and cheap aid is past. Unrealistically low offers are not conducive to good bargaining.

Rather than glossing over these realities it would have been more useful if the minister had come into the House this afternoon and spoken in the same vein as the report on international development issued by the sub-committee, a unanimous report from all the parties in this House, which said that if the developing countries, and I quote:

... do not display a serious desire to reform the international economic system and if negotiations do not achieve tangible and significant progress toward that end, there is a grave danger of relations between rich countries and poor degenerating into a permanent condition of confrontation and recrimination.

Finally, what about Canada's role? We offered to write off \$254 million in debts, which turns out to have a net cash effect of \$35 million, and we are apparently going to make a contribution to the special action fund, although the minister avoided specifying any amount in his statement. I find it very curious that there were press reports of what the amount would be, but it is not contained in the statement. Well might we make a special contribution when official development assistance has declined from .58 to .51 per cent of GNP in the past two years—hardly the movement toward .7 per cent of GNP that Canada has promised.

● (1520)

I say to the minister and all the developed countries: Stop pointing the finger at others and look in the mirror. A renewed sense of commitment and urgency must permeate our approach—both as a government and a people.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, yesterday I had occasion to refer to the Minister of Finance (Mr. Macdonald) as a hard-headed Scot. I was told afterwards that the President of the Privy Council (Mr. Mac-

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Eachen) asked: what about a soft-headed Scot? I now propose to address myself to that problem! Seriously, I want to say to the minister that we appreciate the statement he has made. I think I would echo the sentiments of all Canadians if I told him that we are proud of the fact that one of the most able ministers in the government was selected as co-chairman of the Conference on International Economic Co-Operation.

Some hon. Members: Hear, hear!

Mr. Douglas (Nanaimo-Cowichan-The Islands): I am sure he represented this country in a manner of which we can be proud, and I am confident that a man of his compassion and integrity is admirably suited to discharging the duties he was asked to assume.

Listening to the minister's statement today one could not but be impressed by the fact that he was not happy about the outcome of the conference. Of course the minister is quite right when he suggest that no one conference and no one program will settle things between the industrial nations and the developing countries.

When the minister says in his statement that he hopes we can solve these problems by co-operation and not by confrontation, I think we have to be realistic enough to recognize that in the present world situation there is bound to be confrontation. How can there be anything else but confrontation in a world in which the industrialized nations have a steadily rising standard of living and in which the income gap between the wealthy nations and the developing countries is widening? It is widening because the developing countries depend very largely upon the export of raw materials to the industrialized nations. The price of raw materials in relation to the cost of industrial products has been steadily declining, and the standard of living per capita in developing nations is receding at a time when in spite of economic difficulties, standards of living are advancing in industrialized nations.

More than 100 years ago Abraham Lincoln said that no nation can long survive half slave and half free. This world has now become a global village; a nation cannot long survive in a world that is half full and half hungry. That is the problem that faces developing nations today and, as long as it continues, in spite of the rhetoric and in spite of all the good will in the world, there will be confrontation until effective measures are taken to deal with these economic disparities.

In his statement the minister says:

Developing countries were disappointed that some of their proposals for structural reform of the international economic system were not met.

He goes on to say:

Some of the things which they were asking for are probably not within the powers of the governments to grant. Among these were guarantees on the purchasing power of exports and a general debt moratorium.

I am prepared to grant that no one nation can meet these requests for structural economic changes or for a general moratorium on debt, but certainly the industrialized nations together could achieve those goals. We have not really given very much of a lead in solving this request of the developing