

I should also like to point out that the improvement of living conditions and commercial life in the less-developed areas of the world cannot but increase the ability of these countries to maintain more flourishing economies and a larger foreign trade, both import and export. I am not thinking only of the direct increase in our exports as a consequence of these programmes. Economic aid, as a whole, from Canada and from other countries, helps to build up stronger economies with which, over the years, we can do a growing business.

For example, in 1958 the Canadian Government established a \$10-million fund to assist over a five-year period in the economic development of the new West Indies Federation. A large part of this fund will be spent on two ships, to be constructed in Canada, for inter-island services; the remainder will be devoted to technical assistance and other projects. By providing such assistance we are not only seeking to assist in the development of the new Federation; we are also investing in an important potential market for Canadian goods.

One does not need to be an economist to understand that the size of a market is determined not only by population but by purchasing power. When the economies of these countries have become more developed, we can look forward to a steady expansion of our international markets. In the meantime, the goods and services which we are providing are making known to officials, engineers, and businessmen of these countries the abilities and skills of modern industrial Canada in the best possible way.

Important as foreign assistance programmes are in the promotion of the economic life of the international community, they are not the only means to this end. The rate of international economic growth depends also on the flow of international trade and private capital, and this is a field in which, under our non-state trading system, governments can only assist and encourage and not play a direct part. Nevertheless, the policies which governments adopt are by no means unimportant.

For these reasons, and also because of Canada's position as one of the world's major trading nations, Canadian foreign policy has had as one of its prime objectives the establishment of a multilateral system of trade and payments. Under such a system, barriers to the flow of international trade and payments are reduced to moderate levels and made non-discriminatory in their application.

The great benefit of a multilateral system is that trade tends to flow in accordance with relative price considerations instead of being artificially channelled in one direction or another by the need to strike a bilateral balance. The most is made of the world's stock of productive resources and that stock is likely to increase more rapidly than under any alternative system. For these reasons, the achievement of a multilateral