It depends, too, on the kind of satisfaction people get from collective philanthropy. This is most difficult to measure.

Our development-assistance programme receives some support as a vehicle for the sale of Canadian goods and services to developing countries. This assumes that foreign assistance means higher exports, higher employment in Canada and the strengthening of the Canadian position in world markets. But we cannot justify the provision of aid on these grounds alone. Real aid is, by definition, a gift with no expectation of direct economic return. A loan on easy terms has an aid element in it, but it is not aid as such.

If the Canadian economy is fully employed, aid expenditures will not bring about an increase in employment and output. If there is unemployment, there is nothing to indicate that the provision of funds for external aid is a more effective way of stimulating employment than the expenditure of a like amount on other programmes in Canada. But aid expenditures do have an impact on the Canadian economy, in particular industries and particular regions, and Canadian products are better known in the developing countries as a result of our aid programmes.

We are so accustomed to think of the developing countries as hewers of wood and drawers of water that it is difficult for most people to think of them in any other way. For centuries they have been producers of agricultural raw materials, foodstuffs and a few other primary products. It is very difficult for them to develop a modern economy based on these products. Liberalized trade in basic commodities -- even preferential treatment by nations such as Canada -- can make only a very limited contribution to the economies of these countries. It does not help much to have preferential tariffs on products such as natural rubber and coffee, which are produced only in the developing countries and are already imported into developed countries at low levels of duty.

There may be a few cases where preferences for natural products produced in the developing countries over substitutes produced in the more advanced countries would be of some help. The developing countries will be helped most effectively by facilitating their exports of manufactured goods. In these countries the prospects for growth are much improved if they are encouraged to produce at home some of the things they now import. The strengthened economic base this will build will help them to diversify their exports and reduce their dependence on traditional basic commodities, which are subject to sharp fluctuations in price and demand. If this process is to be effective, the developing countries will have to find markets for new products, partly in the developed world and partly in developing nations. In countries such as Canada, this inflow of manufactured and semi-manufactured products may, in some cases, be promoted by lowering tariffs. A good part, however, should come as a result of the evolution and growth of competitive business in the developing world.

We are going to have to accustom ourselves to an increased flow of products into Canada from the developing world. But we should welcome this. While it means stiffer competition, it also means reduced aid expenditures. Aid and trade can be viewed as alternatives, but only in a very long perspective, and it is certain that for many years to come Canada will be increasing rather than reducing its allocation of funds to development assistance.