

disguised by the cyclical impact of the current recession. New technologies are creating new industries, and displacing labour from old ones. There are new sources of supply of increasingly sophisticated goods from the newly industrialized countries. There are new sources of supply of traditional goods and minerals from the Third World. Within industrial countries there is a turning away from the traditional products of our manufacturers.

These forces compound our distress at a time when the global recession has stalled the creation of new jobs. Taken together with the dramatic rise in the number of people who seek meaningful work, these forces have created higher unemployment, and provoked what has been described as a sense of "moral" crisis in our societies. What is at stake, particularly for our youth, is the credibility of our values, our institutions and our way of life.

The non-oil producing countries of the Third World are being forced to bear a heavy deflationary burden. It results from the collapse of the world price of commodities they export; from the increasing cost of the goods they import, particularly oil; from the dramatic rise in the interest cost of servicing their expanded debt; and from the stagnation of world trade.

For the poorest of the developing countries, barely participants in the world financial and trading systems, constrained aid flows threaten their very survival and raise the spectre of starvation and political anarchy.

Even for the oil-exporting countries of the Third World, the weakness in world oil markets is imposing strains on those which, like Mexico and Nigeria, had become high absorbers of industrial goods and services.

What is most striking about this catalogue of difficulty is the overwhelming interdependencies of nations, not their particular differences. The recovery of exports in the industrial world depends increasingly upon growth in the Third World just as growth in the Third World depends upon access to our markets. Their debt problem threatens the stability of the international financial system, and thus the stability of the industrial world. The instability of commodity and energy prices is a threat to our welfare as well as to theirs. World-wide protectionist forces threaten the liberal trading system, the potential source of recovery throughout the world.

There are a growing number of moderate voices in the developing world calling urgently for new approaches to the common goal of sustained recovery. It would be a mistake of historical magnitude to answer these calls with silence. They warrant serious and pragmatic attention to the industrialized world, not simply for basic humanitarian reasons, but because of raw political concerns which impinge ultimately on the most fundamental objectives of mankind — peace and security for all.

When I addressed the Fund and Bank meeting in September, the impending crises seemed particularly stark. The realization of the depth of world difficulties had been sharpened by the sudden debt crisis in Mexico. Since that time, however, a number of developments have increased confidence and hope.