return to developing countries.

What will be the outcome of the review now under way? Quite frankly, I do not know. The Interdepartmental Committee we have set up for this purpose has been meeting for only a few months; its preliminary working papers are not yet completed. But I know that the extent to which we shall be able to adjust our economic policies to the new realities of international development will depend on a great many factors. First, it will depend upon the state of the world economy, since a resumption of growth in the world would stimulate exports and production in Canada and enable the Canadian economy to adjust more easily to a new trading pattern, more favourable to developing countries. Secondly, it will depend upon how successful we shall be in curbing inflation while maintaining the domestic rate of growth in Canada -- so that the efforts of my colleague, the Minister of Finance, in negotiating a program of voluntary restraints with the various sectors of the Canadian economy have a direct bearing upon our ability to meet the demands of the Third World. Thirdly, it will depend upon how successful we shall be in persuading other industrialized countries to follow suit. For we live, after all, in a competitive world; and adjustments that might be easily bearable were they to be made simultaneously in the United States, Europe and Japan would become unbearable if Canada were to be the only country to undertake them. It will depend, finally, on a lot of other factors: the ability of developing countries to leave slogans aside and to deal with practical issues; their willingness not to interject into every discussion on economic affairs extremely difficult, and hardly related, political issues such as the Middle East conflict; and the skill, flexibility and imagination that politicians and technicians from all countries will be able to muster.

But certainly one can imagine a different world economic environment, in which international development would proceed at a faster pace and in the right places. In such an environment, the industrialized countries would have become the "arsenal" of world development, through the conversion of their less-efficient consumer-goods industries into supply bases for agricultural development and industrialization programs in the Third World. The investment patterns in the industrialized regions would gradually have shifted towards capital-goods industries, producing the industrial machinery and equipment that Asia, Africa and Latin America would absorb in huge quantities. The countries of the developing continents could then afford to purchase such machinery and equipment, with the substantially-increased earnings they would derive from exports of commodities and manufactured goods to the "old" industrialized countries. Access to the markets of these countries, and perhaps to those of other developing countries, would have improved gradually, so that