

but not the tools of production. The situation differs from country to country, but the obstacles remain equally difficult to overcome. And, unfortunately, a nation that lacks capital resources -- human or physical -- is thereby less able to increase its stock of these resources. It is hard to generate development funds in an economy where there is little margin for saving. It is difficult to draw trained teachers and instructors from an unschooled populace.

Even given the resources, their effective utilization is far from guaranteed. It depends crucially upon the governmental, social and institutional structures that establish the framework within which an economy must operate. It is, for example, no coincidence that nations characterized by political instability generally bring upon themselves economic depression which guarantees further instability.

Beyond this, one cannot place too high a premium upon that intangible and invaluable resource we call managerial ability. This is perhaps the one most important and frustrating shortage with which the developing countries of the world must cope.

I have discussed these points in the belief that they make more clear the necessary steps toward the solution of these pressing problems -- and the contribution Canadian businessmen can make to their solution.

The first priority is, clearly, a transfer of resources -- human and physical -- from the developed to the developing worlds. Talking in dollars-and-cents terms, \$10 billion of resources are currently being transferred in this direction each year. Two-thirds of this takes the form of official grants and loans. The remainder comes from private sources. This is a large amount, but it is still far short of what is needed.

The Canadian Government has actively participated in this transfer. Since it took the initiative with the Colombo Plan, Canada has been committed to the proposition that economic development can be generated in the "Third World"; that we can accelerate this process; that it is our responsibility to take action toward this end, and that it is in our own long-term interest to do so. Through the device of the Colombo Plan, Canada has contributed some \$800 million to the developing nations of South and Southeast Asia since 1950. Of this sum, half a billion has gone to India alone. We have broadened our effort to include the French- and English-speaking nations of Africa, the Commonwealth Caribbean and Latin America. But much more remains to be done, and is being done.

Canada is one of the few developed countries currently undertaking a substantial increase in its aid efforts. During the last fiscal year, more than \$300 million has been made available for development assistance. A comparable sum has been allocated for the current fiscal year. This despite the many other present claims on the federal purse.

Naturally, in making several hundred million dollars a year available for aid, we take Canadian interests into account, consistent with our fundamental objective of maximizing the social and economic development of recipient countries. We have a double stake in encouraging Canadian firms to do their share in putting these aid funds to work. A substantial proportion of aid