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inance of economists. The report lacks a political perspective. It seldom refers to events within underdeveloped countries and exhibits little appreciation of what is politically tenable in Canada. Of a much more critical nature is the lack of sensitivity to political realities, which is reflected in a naive and dangerous tendency to define our external environment in a way that supports the preferences of the authors of the report. Canadians are offered a portrait of the economic, social and political conditions within Third World countries that is reassuring, one that serves our interests and aspirations. If Canadian policy is premised on this analysis and the recommendations which flow from it, our actions will be misplaced.

Perspective

Not unexpectedly, a fundamental weakness underlying the arguments advanced in the report appears in the introductory remarks. The Economic Council suggests that the most appropriate theoretical perspective on development rests with the neoclassical growth approach. This approach assumes "... that accumulation of capital and increased trade provide countries with the wherewithal to develop". In other words, Third World countries can develop successfully along the path suggested in the early 1960s by Walt W. Rostow in his famous (some would suggest infamous) study, *The Stages of Economic Growth: A Non-Communist Manifesto* (1960).

What arguments are advanced for this particular perspective? The authors suggest first that development economists cannot agree on the nature of the development process. This is hardly surprising given the differences that underlie the theoretical divisions within economics. Secondly, conditions vary between countries both in the nature of development objectives and in key economic, social and political variables that affect the process of development. To say the least, this is stating the obvious. Thirdly, generalizations are not helpful – surely the Economic Council could not be expected to devote the time and resources necessary to complete a thorough study of individual Third World countries. The Council is quite correct in claiming that individual country studies are beyond its resources. However, ignoring the findings of the research which has been undertaken cannot be accepted so easily. For these reasons, the Council has been driven to adopt a simpler approach – "we have assumed that any developing nation that looks to this country for assistance wishes to receive Canadian capital and technology and to obtain access to Canadian markets for its products" – without spelling out clearly the inadequacies of this approach or the premises upon which it is based. The simpler approach, moreover, fails to address the persistent and compelling failure of Third World countries to break out of a condition of "underdevelopment". As the Chairman of the Development Assistance Committee of the OECD noted in his 1977 Report:

> In spite of the tremendous economic progress of the last twenty years, the promise of effective development is dimmed by the fact that very little progress has been made by the poorest peoples and nations. Also, almost everywhere impressive rates of economic growth have not been matched by growth in employment or by improvement in the relative distribution of income – as the speeches of Robert McNamara and others have pointed out. Instead, the tendency has been for increased unemployment and polarization of incomes, as development has failed to provide enough opportunities for productive employment.

Despite portraying the social divisions which have arisen as a result of attenuated growth and despite recognizing that political elites have been influenced by the premises of "dependency theory", the Economic Council is content to reaffirm the liberal economic model. It is the political dimension of "growth without development", that is, the potentially explosive results of social differentiation between rich and poor, between the modern urban and the traditional rural areas, between the landed and the landless within underdeveloped countries that has led political elites to demand major reforms in the structure of the international economy.

The Economic Council bases its optimistic assessment of the future on two major assumptions. First, the social stratification evident in underdeveloped countries is temporary. Secondly, where selected countries – namely, Hong Kong, Singapore, Taiwan and Korea – which have industrialized are today, the majority of Third World countries will be in twenty or thirty years' time.

No evidence is presented for the first assumption; the second assumption is quite simply an expression of hope. Moreover, the authors are incredibly naive in assuming that political consciousness and action on the part of the underprivileged majority within underdeveloped countries can be overcome by pointing to models that portray some improvement in per capita income by the year 2000. The Council acknowledges that the concessions it is prepared to advocate will only benefit the more advanced Third World countries. Yet, even here, liberalization of trade, opening the Canadian economy to their products, "... is likely to be conditional upon a market improvement in such factors as ... (Canada's) ... overall employment level. Until that occurs, we cannot in conscience advocate anything more than a hold-the-line policy". For the Third World as a whole, the Economic Council is willing to let international market forces make the necessary adjustments:

> ... the best policy in the area of trade is to let the forces of competition operate freely, in accord with the international distribution of comparative ad-