



# Statements and Speeches

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## **"RELATIONS WITH DEVELOPING COUNTRIES IN AN INTERDEPENDENT WORLD"**

A Statement by the Secretary of State for External Affairs, Flora MacDonald, at the Organization for Economic Co-operation and Development Ministerial Council Meeting, Paris, June 13, 1979.

These are the early days of a new Canadian Government. I am very pleased that so soon after taking on my responsibilities I am able to share in the discussion around this table. As members of the Organization for Economic Co-operation and Development we learn much from each other. We learn how others are tackling the problems that we must also tackle. We are reminded of the impact that our policies have on other countries. Here in the OECD we have learned both the habit and the discipline of frank discussion. These are the essential ingredients of constructive co-operation among countries.

The need for co-operative approaches to problems extends well beyond the membership of the OECD. The interdependence of our economies and those of the developing world is not a matter of choice. It is a fact of life. No country, no bloc of countries, can solve its economic problems in isolation. The foundations for broad co-operation in the world economy are not easy to build. The difficulties should however make us all the more determined to pursue discussion with the developing countries in a constructive and practical manner.

UNCTAD V [Fifth United Nations Conference on Trade and Development] ended only ten days ago. That conference — one step in a process of discussion — had its successes and its failures. In part its failures resulted from difficulties in moving into frank discussion of common problems. In part they resulted from the gaps between developed and developing countries in their interpretation of key issues. These differences of view underlay, for example, discussion of the nature of the world's present economic difficulties and the role of governments in trying to solve them. They affected discussion of the process of structural change and the ways in which governments might respond to it.

It is important to try to narrow these gaps in perspective. Studies by the OECD Secretariat have amply demonstrated the increasing number and the deepening significance of the economic links between the developed and the developing countries. That they bring shorter-term problems of adjustment must also be recognized. Our policies and our co-operation with the third world must be focused in ways which recognize the problems we have but which look towards the benefits we all can share. It is often difficult to see through immediate problems to longer-term benefits. That is a fact of economic life, and of our lives as politicians. We must be on guard against short-term policy approaches that endanger openness and flexibility in the world economy. The successful conclusion of the Multilateral Trade Negotiations is a major

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contribution to this objective. However, the persistence of slow economic growth and high levels of unemployment poses a continuing risk of actions that restrict or distort trade.

The commitment of OECD member countries to the trade pledge has been an important constraint on such measures. There is a continuing need for the political commitment which the trade declaration represents. I therefore welcome its renewal.

We are only too conscious these days of the impact of energy problems on our economies and on the prospects for the world economy. I will touch today on only one aspect of the complex subject — the job which must be done to assist developing countries in meeting their needs for energy. Canada welcomed the decision of the World Bank to increase its support for exploration and development of oil, gas and coal in the less developed countries. Canada was also pleased to chair the working party established by the OECD Council to explore ways of assisting less developed countries to use renewable sources of energy. I hope that member countries will consider seriously the policy options set out in the report of the working party.

I also welcome the proposal that the organization be instructed to study in depth financial flows between developed and developing countries. The organization will of course wish to ensure that its work does not duplicate what is being done by other institutions. As the documents submitted to us suggest, greater attention must be paid to the encouragement of non-concessional and, especially, private capital flows. These are, and must continue to be, the major element in the total flow of financial resources to developing countries.

At the same time, flows on concessional terms are essential for the poorer countries. The Canadian Development Assistance Program of over \$1 billion annually is oriented primarily to the poorer countries. And for the least developed countries, our assistance is provided entirely on a grant basis. Efforts are also being made to improve the quality and efficiency of our program, while maintaining its high rate of concessionality.

The documents before us refer to the need to maintain public support in the developed countries for effective co-operation with developing countries. That is a challenge of which I am very conscious. Whether in large programs or small, in aid or in trade, co-operation with developing countries needs the support of public opinion in our countries.