Up to now in the Reith Lectures, I have been talking largely about the problems between the two super-powers and the threats to peace which arise from them. I want now to talk about economic developments and the way they influence political relationships, including those between the developed and developing countries.

Today, big corporate business in the industrial capitalist world is becoming by necessity more and more international in its organisation and in its operations. Maximum production and marketing efficiencies often cannot be realised within the boundaries and environment of a single state. For the same reason, single states become integrated into larger international economic systems, in order to enjoy the full benefits of technical and economic progress. The multinational firm transcends national boundaries, not by crossing them, but by ignoring them through the establishment of subsidiaries in foreign countries. Its success has been so great that not long ago one economist predicted that by 1980 there would be 300 multinational corporations substantially controlling the business of all the non-communist world.

This economic evolution is another factor in the erosion of national sovereignty; or, as one cynic put it, in the process of universal Americanisation. That is why some governments oppose it, as a threat to national identity and independence. The multinational corporations respond to this by making the necessary adjustments so that their subsidiaries will appear as ‘good corporate citizens’ in the countries where they operate. They know that otherwise they will soon be in trouble. It is to their advantage to be a British company in Britain and a Japanese company in Japan. But this does not alter the fact that the ultimate decision-making process is in the head office, which is usually situated in the United States.

The fact is that the sovereign state is now becoming virtually obsolete as a satisfactory basis for rational economic organisation, at least in industrially developed societies. Economic growth, with the material benefits that come from the efficiencies of large-scale industrial production, can only realise its full potential in large free-market areas extending beyond national boundaries. This extension can lead to the penetration of one economy by another. I ought to know that, because this process has probably gone furthest in Canada. It has been going on there for many years, yet up to the present it has not prevented national political development and consolidation in Canada. In a sense, indeed, it has made us more conscious of being Canadian because of our preoccupation with intrusion from outside. Nevertheless, the question is inevitable: what price economic—or even political—sovereignty if 60 per cent of your industry is controlled outside the sovereign state?

The same process is well under way in Western Europe, so we are told in Servan-Schreiber’s book *The American Challenge*. The USA, he claims, has understood more...
quickly and clearly than Europeans themselves the direction in which economic developments are inevitably moving in Europe. United States firms have often been carrying out the European ideas of Jean Monnet, Robert Schuman and Walter Hallstein while European national firms have been lagging, or unable to adjust to wider Continental markets. In the short run, a growing European reliance on American investment is economically beneficial and can become the ‘principal vehicle of technological progress’. But in the long run it could reduce a Europe of separate states to the status of a colony, as effectively as Europe itself once reduced large areas of the globe to that status because they were divided and disunited.

In Servan-Schreiber’s view, it will be futile for Europe to respond to this American challenge through the protective national measures of separate states. It will require ‘a united Europe’, the ‘creation of a third great industrial power with no imperial pretensions—one whose only strategy is to help build a more unified international community’. Any such project, Servan-Schreiber admits, ‘requires an intellectual leap into the future over a thousand discouraging obstacles’. ‘To take this step,’ he says, Europeans have to ‘realise that the nation-state is not the ultimate form of social organisation’. ‘There is no other solution than forming some kind of federal organisation.’ He might have added that at this moment the greatest European obstacle to such a solution is the government of his own country, which gets its inspiration in these matters from a nationalist past that is not going to return, and which in this century has had such tragic results for France and for other countries.

If it is objected that there is little evidence of any active desire for political federation in any country in Europe, I can only answer that the steps that have been already taken toward European integration would have seemed quite impossible 50 years ago. The compulsion of economic events from now on, including competition from the United States, and the feeling that there should be a strong Europe as a political balance wheel in the world between the two super-powers, may very well lead European states to make further changes in the direction of federalism. I hope it does. If the economic changes that take place make the European market a more profitable one and European countries more prosperous, with each country helping others where necessary to adjust to new conditions, then European federation could become a logical and acceptable further step. There would be a natural progress from the economic to the political. But it’s a process that cannot be rushed.

This economic development, I know, is strongly opposed in certain sections of the Commonwealth, for economic and trade reasons. It also arouses strong patriotic emotions in Britain over the merging of so much of its national sovereignty in a European federation, with considerable loss of control of the national decision-making process. But all states are already- losing much of this control, indirectly and directly, by the facts—or, if you like, the blackmail—of international interdependence. Neither, Great Britain, Canada nor any other country is a fully sovereign state today—except in a legal sense. Great Britain and other Atlantic states, for instance, have agreed that if one is attacked, all are attacked and war follows. If a country is willing to limit its political sovereignty in that way to preserve the peace, surely it is unrealistic to insist on full sovereign economic independence when there are clear long-range advantages n associating with others.
There are also those who believe that if Britain joins a European economic, let alone a European political, community that would mean the end of the Commonwealth. I hope and believe that this need not be the case. If we can't strengthen peace and security in the world without breaking up the Commonwealth, then its foundations are much weaker than I believe them to be. I know there would be immediate economic and trade difficulties, as well as advantages, for Commonwealth countries (for all of them, though for some more than others). I know that adjustments would have to be made and shocks cushioned. But we've made adjustments in the Commonwealth before, political and constitutional ones. It is a very flexible and resilient association.

When I first joined the Canadian government service, the new Commonwealth, with free self-governing Dominions, was emerging from the old Empire. I was told that this would finish the special links between Canada and the Mother Country. On the contrary, by the removal of inhibiting bonds of dependence, we found a better and a friendlier relationship. I know that the European situation is no parallel to the evolution of the Commonwealth in any sense, but I hope that, if and when all the European countries give up certain sovereign rights in the interests of a larger international economic and political community, far from weakening their relations with other states and peoples, it will make them closer. I also devoutly hope that any such European development will be extended quickly beyond Europe and in particular across the Atlantic.

Now I want to pass on to economic relations between the developed and developing countries. In spite of a huge and unprecedented transfer of resources in the last 20 years from those that have to those that have not, the rich are still getting richer and the poor, relatively, are getting poorer. At present the money gap between the income per person in developing and developed countries is $1,540. If the present rates of growth continue, by the end of the century that gap will be $5,450. Here’s another statistic: we’re told that the increase in the gross national product of the United States of America last year—not the total product but the amount by which it increased—was greater than the total gross national product of all the African countries put together (and that includes the rich country of South Africa).

Such continued disparity is not likely to promote peace in the family of man. The animosities that will arise from it are incalculable and explosive, especially as the issues are political as well as economic. They are all mixed up with the transition of peoples from dependence to independence, and with a host of emotional impulses that go with a nationalism that has often achieved political power suddenly and without sufficient preparation. These impulses become doubly explosive when they are exploited as part of the Cold War. But they would be explosive without it.

Many people in the West are afflicted with a sense of guilt in their relationship with the hungry and impoverished millions of Africa and Asia. They accept the reproach—or they are influenced by it—that materially backward people are somehow backward because we have abused and oppressed them, and that we can ease our consciences by helping them to ‘live better electrically’, to put it in the most naive terms. It is a generous-hearted response and it expresses a desire to act in the Christian tradition. It may have justification in some cases but unfortunately it is often muddled—in its history, its economics and its ethics. At times it is not much more helpful than the attitude of the hard-faced persons who simply reject any obligation to help anybody
but themselves. It has always seemed to me a somewhat limited interpretation of Christianity to murmur *mea culpa* in order to justify a deed which is good in itself.

This confused attitude in the West often has as its counterpart a reaction to aid at the receiving end. Nationalism in former colonies is possessed with a sense of economic as well as political grievance: a resentment against exploitation, real or imaginary, which too often takes the attention of national leaders off the real problems, and can be used as an excuse for inaction. If there is little or no economic progress after the transfer of power, the new leaders can go on explaining away their failure as a legacy of imperialism. This obscures the essential but sometimes bitter truth that independence and sovereignty, like patriotism, are not enough; that instant freedom doesn’t mean instant prosperity.

It is easy to argue that since the poverty was caused by the ‘imperialists’, it is now their responsibility to help in removing economic difficulties by subsidising the new state for years to come. This might achieve good results, even when it’s not justified on other grounds, if it led to co-operation between the new nation and its former so-called ‘exploiters’. But if the feeling of grievance and bitterness persists it will make collaboration very difficult. ‘Good riddance’ and ‘please help’ are not easily reconcilable. Private investment, which can be a fruitful way of promoting economic development, is frighten off, and Western taxpayers are discouraged by the resentment of the people they are trying to help. Ultimately, the new nation may find that the easiest way to assure a flow of funds is to exploit its Cold War nuisance value and get competitive political and economic bids from both sides, which makes for suspicion and tension.

In approaching these difficult and sensitive problems, we need to abandon certain easy assumptions. The first is that the difficulties that undoubtedly exist between rich and poor nations are the product of poverty alone, and can be dispelled by filling bellies and dental cavities. The second is the assumption that the masses in these poor countries—that is, materially poor countries—want no part of our materialist civilisation with its supermarkets and its psychiatric clinics; that they would be content to live as they have for centuries in their natural state of happy innocence and poverty, if only leaders with Oxford or Columbia degrees would not stir them up. Even if this were true, it is irrelevant. Most of the materially poorer people now know about the rest of the world, and they know that disease and hunger and deprivation are not inevitable. They know that man can live until 70 instead of 35. Even in the most remote parts of the world people have now learned something about the technological society, where there are gadgets to make life more comfortable and more exciting. New hungers have been created, if only for longer life and better health. Indeed, I don’t know of any country which has been exposed to the blessings of Coca-Cola or the Beatles which is not now anxious to copy even some of the worst features of our affluent society.

But even if there is a country somewhere whose people do not know, or do not want, the material benefits of Western civilisation, certainly their leaders do want them, and these are the men we have to deal with. And they want much more than food and hospitals. They want freedom and power: power to help their people or to pursue their own ambitions, or both. Their admirable and less admirable motives are mixed, as
they are in most politicians in other societies. We can’t ignore either them or the political and economic ideas we ourselves have implanted in their minds. We cannot expect them to be calm and contented merely by our assurance that, as the white man has already done much, he will now do more to help improve the lot of the non-white people. Dr Schweitzer is no longer enough. People are proud and sensitive. So the spirit in which help is offered is as important as the help itself.

Nothing could be more self-defeating, less effective, in promoting peace and good will than attaching inadmissible political or social conditions to our aid: to say we will help, not all of those that help themselves, but only those who support us and believe in our political and economic system. We must not even exclude revolutionary movements and governments from our co-operative help; or assume automatically that every outburst of revolutionary nationalism is communist, and therefore hostile to the West. We must accept the fact that in many countries where people live in misery and distress, revolution may seem to them to be the only way out—and that communism has nothing to do with it.

In aid for development there should also be maximum participation on the part of the receiving country. To the greatest possible extent we should place responsibility on the government and the people of the country in which the aid is operating. This is not always easy to do. Some part of the aid may go into the pockets of people who aren’t entitled to it; and there will be inefficiency; but to stop aid programmes because of this would be very foolish indeed. There are local usages and customs which seem bad and wasteful to us, but which have been part of life for centuries and at which we shouldn’t sneer. Nevertheless, while respecting all local usages and customs, a donor country is entitled to get the assurance that its assistance is being used as effectively as possible, that not too much is put into a numbered bank account in Switzerland.

Recently there have been indications that we in the West are getting discouraged and somewhat cynical about the fact that in spite of mutual assistance the poorer countries are not making enough progress. Indeed, aid shows signs of drying up. This must not be allowed to happen.

Perhaps the best form of aid is trade. We haven’t made nearly enough progress in helping developing countries by putting them in a position where they add to their own resources by trading with others on a competitive basis in their own products, primary and industrial. The developing nations which depend largely on selling primary products for their income have too often found themselves at the mercy of fluctuating world prices which they have no power to influence. Some attempt has been made to bring international order into this kind of trade by international commodity agreements. But the benefits have been limited because of the difficulty of finding minimum and maximum prices which will take into account all the variations in the cost of producing a commodity between one country and another. Much remains to be done, and it can only be done by international economic co-operation and agreement. If we cannot get together for international action of this kind, then we shall have the same international anarchy in economic affairs that we have politically when things go wrong, and the results will be more than economic.

With manufactured goods the case is different. A great deal of money from the West has been spent on helping some countries to industrialise. Very often, indeed,
industrialisation has been given too high a priority. The technically educated people in the new nation have been captivated by the vision of great steel works and textile factories, and too much of the money may have gone there, instead of into the development of agriculture. Then when the developing country has been put in the position where it can compete in the markets of the world in certain industrial products—textiles are the example most frequently cited—our own manufacturers begin to complain, and we put up barriers to the reception of these goods in our own country. By doing so we neutralise the industrial help we have given them, indeed we make a mockery of it. Through UNCTAD, the United Nations Conference on Trade and Development, attempts have been made to work out means of giving the developing countries special trade benefits such as one-way preferences. But up to now not very much has been achieved.

We have here another example of how every economic problem is or becomes a political problem also. If a government proposes to give a country ten million dollars of aid by receiving ten million dollars’ worth of its goods—whether rubber shoes from Hong Kong or shirts from India, or anything else which undersells your own product—as these goods come in, a special interest naturally finds itself hurt. And the cry goes up, very understandably: ‘If you want to help these people give them dollars, or build them a hydro-electric dam, or send them planes or Cadillacs, but don’t make us go out of business so that they can sell their shirts.’ It is politically much easier to make an aid allocation that is spread over the whole body of taxpayers, so that no special interest is aroused.

Yet if we are to have intelligent international division of labour, industry in the advanced countries—that is industrially advanced—should apply itself to the maximum possible extent to production that requires a high degree of investment and skill—computers, colour television sets things the poorer countries cannot yet make. All that has to be done is to tell a cotton manufacturer in Lancashire, or in Canada, that he must become a manufacturer of computers so that we can all wear Indian shirts. If you add that the government will ease the process of transition by financial assistance to the manufacturers who are hurt, he may just feel a little better!

I want to end with two points about international development. First, on the individual level: in my own country, and I am sure in other countries also, there is a tremendous reservoir of good will, of desire to do something to help less materially fortunate peoples. With all the evidence of conflict and cruelty in the world, of man’s inhumanity to man, there is also, paradoxically, more humanitarianism; more acceptance of responsibility for others; more desire than ever before to be our brother’s keeper, as well as his killer. There is genuine excitement over something like a hunger march to raise money for international aid. Unfortunately this kind of excitement sometimes becomes disconnected from a budget which asks for an increase of 10 per cent in the income tax. But, on the whole, few governments can complain that their people have been holding them back in the effort to work out a generous and wise relationship between their own economy and mutual assistance. In 1966, for instance, my government in Canada put before Parliament the objective that by 1970 1 per cent of Canada’s national income should be contributed to international development and aid. This represented an increase from $226 million to $400 million, and we were worried as a government about how it would be received. Well, we had nothing to worry about.
Finally I come to the collective value which international collaboration on aid and development may have for all nations. At present, the prospects for political collaboration are limited to what we can achieve, haltingly, step by step, by diplomacy, in the United Nations or with other international bodies. Economic development is the field in which there is the greatest body of immediate agreement about objectives and methods; and hence the greatest opportunity for constructive international co-operation. Nothing could be more important than building up efficient co-operative machinery for this purpose, and securing adequate funds from the legislatures of Western countries to make it work. Such funds must become an accepted and continuing financial commitment and not merely a residual factor in the donors’ budgets.

For an example of one of the bitterest contrasts of our times, I turn to Vietnam and the Mekong Delta project in that part of the world. It would make the angels weep to think that less than one-third of the money that has been spent in one year by the United States in the prosecution of the Vietnam War would complete this wonderfully imaginative Mekong Delta project. True, that project has not been abandoned. It has been going ahead in certain areas in the middle of the fighting. Here we have seen senseless, brutal slaughter taking place side by side with an international effort of a scale, and showing a kind of international responsibility, that would have been unthinkable 50 years ago. Vietnam, in this respect, represents the worst and the best of our contemporary international community, both operating at the same time, for war and for peace. Which side will destroy the other in Vietnam—in the world?