

mere \$25 over the average *per capita* income recorded in these countries in 1950. Over the same period, the advanced countries of the free world, taken collectively, increased their *per capita* income from \$1,080 to \$1,410. What this means is that, over the decade as a whole, the gap in living standards between the advanced countries and the developing countries widened not only in absolute terms — as might be expected — but also in relative terms.

“Of course these are aggregate figures, and they do not always tell the whole story. One part of the story which they do not tell is the rising pressure of population and the impact this has had on the whole development process. For it is worth keeping in mind that in many developing countries this pressure of population has been such that the progress made in increasing the volume of output of goods and services is barely enough to yield any improvement in living standards whatsoever.

RELATIVE VIEW OF POVERTY

“As I said at the outset, this line of argument is one based on the relativity of poverty. It has an element of validity, but it also has serious limitations. Poverty cannot be measured solely in terms of *per capita* income. Such a standard of measurement does not, for example, take account of what constitutes minimum levels of subsistence in different climatic conditions. Above all, it does not attempt to measure the social impact of poverty in a general environment of affluence, which is the situation we confront in Canada and other advanced countries and which is bound to make the eradication of poverty a priority objective of government policy.

“I should, therefore, like to rest the case for foreign aid essentially on the argument which I would put as follows: In the scale of things Canada is an affluent country. While *per capita* income may not be the only reliable indicator of a country's affluence, the fact remains that Canada is the country with the second highest *per capita* income in the world. There can be no doubt that, as such, we have the resources both to cope with the problem of poverty in our midst and to play our appropriate part in a co-operative international approach to the problem of mitigating poverty in the developing countries. That argument seems to me an overriding one if we believe that foreign aid is right as a matter of principle. It is to this aspect of the question of foreign aid that I should now like to turn.

MOTIVES OF FOREIGN AID

“The motives behind any foreign-aid programme are likely to be mixed. These programmes have evolved pragmatically, and the world setting in which they have evolved has itself been changing with unprecedented rapidity. Foreign aid is today part of the established pattern of international relations, and it is likely to remain so in the foreseeable future. Nevertheless, there is merit, I think, in our stepping back from time to time to review the motives that have actuated our Canadian foreign-aid programme and to consider afresh the purposes we should expect it to serve.

“For my own part, I have no hesitation in saying that I regard humanitarian considerations as foremost

in the minds of those who have supported and sustained the principle of Canadian aid to the developing countries. The humanitarian approach to foreign aid is itself compounded of a number of factors which defy separate analysis. In essence, I should say, it rests upon the recognition that, as flagrant disparities in human wealth and human welfare are no longer morally acceptable within a single community, whether it be local or national, the same principle is applicable to the larger world community. And as we have devised various mechanisms for transferring part of the wealth of the community to those segments which cannot rely on the laws of the market alone for their fair share, so foreign aid can be made to serve the same ends in a wider international framework....

“...As Canadians have expanded the range of their travel, as they have learned more, through their reading and through the public information media, about conditions in the developing countries, they have wanted to go beyond what is being done in this field by the Canadian Government through the use of public funds. And today an increasing number of Canadians, as individuals or through organizations formed for this purpose, are involving themselves in Canada's foreign-aid programme. That this expanding degree of participation by Canadians owes its inspiration essentially to human, if not humanitarian, considerations — of that, I think, there can be no doubt.

PRAGMATIC GROUNDS FOR AID

“The fact that foreign aid is morally the right course to follow is not inconsistent with its being justifiable on more pragmatic grounds....

“In almost all countries today, it is accepted that the maintenance of high levels of production and employment depends on the existence of adequate demand. Indeed, we are spending vast sums of money each year to stimulate demand by means of advertising and in other ways. At the same time, there are millions upon millions of disenfranchised consumers in the developing regions of the world whose potential demand upon our productive facilities remains to be unlocked. Surely, then, it is in our common interest — that is to say, in the common interest of the advanced countries and the developing countries — to enable these countries to make their proper contribution to the world's wealth and to participate more fully in world trade. Admittedly this is a long-range objective of foreign aid, but it is one which, I think, we cannot with impunity ignore. It is an objective of particular relevance to a country like Canada which, as one of the major trading countries of the world, has a vested interest in expanding world trade.

ADVANTAGES OF CANADIAN TYPE OF AID

“The economic benefits of foreign aid are not, however, limited to the longer term. We in Canada have followed the practice of providing aid largely in the form of Canadian goods and Canadian services. I am aware that this practice, which most other donor countries have also followed, has met with some degree of criticism. So long, however, as we continue to provide the developing countries with goods and services that Canada can supply on an internationally competitive basis, I think a good case can be made for a country like Canada to provide its aid in that way. The advantages, as I see them, are fourfold:

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