

management in developing countries have in our policies? There are pros and cons to our channeling Canadian funds through multilateral agencies, such as the UN and the World Bank. Are Canadians satisfied with the current balance, approximately 60% bilateral and 40% multilateral?

Churches, provincial and municipal governments, private organizations, small businessmen and concerned Canadians from all walks of life have demonstrated both the desire and the capacity to help. The response to the crisis in Ethiopia has been most noteworthy, but there are many thousands of Canadians involved in humanitarian and economic and social development efforts elsewhere, often in ways the government could not duplicate even if it wished. How can the government assist Canadians best to help others? How much of the government's effort should be channelled through these Canadian non-governmental organizations (NGO's)? What changes would improve our program delivery?

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## INTERNATIONAL PEACE AND SECURITY ISSUES

The most direct threat to Canadian security derives from the Soviet Union's military capabilities and antipathy to our values, and from the consequent distrust and competition between East and West. Thoughtful people everywhere are concerned with the current state of East-West relations. Suspicions run high, contacts are sparse and the risk of misunderstandings persists. The recommencement of Soviet/American arms control negotiations is a welcome development, but the negotiations are likely to be lengthy.

There are also indirect threats to our security. There is always a risk of turmoil in Eastern Europe or in a Third World region producing a crisis which draws the superpowers into direct confrontation. At the same time, East/West rivalries are exacerbating Third World conflicts. And conflict in the Third World is being carried to North America and Europe by terrorist groups, some state-sponsored.

It is clear that it is in our security interests to play an active role between East and West and, in some cases, to work for stability in the Third World, as well. It is also clear that we cannot afford to do all those things we would like to do and fiscal prudence is necessary. There is already a major discrepancy between the security tasks we have set for ourselves and the resources we have been prepared to devote to fulfilling these tasks effectively. Unless decisions are made to reconcile resources and commitments, the discrepancy will worsen. To compound the challenge, our interests in the Arctic, in the Pacific and in other regions of the world are intensifying.

*Our security interests are extensive and expanding, while our resources are limited.*

Not all things are equally important to us — or equally susceptible to our influence. What was vital once may no longer be so. We need to set priorities and, in setting priorities, we need to put the emphasis on those issues where our interests and our capabilities coincide. We also need to bear in mind that military capabilities have a place in an effective foreign policy.

The economics of security is, for all countries, a central factor. The cost of modern weapons systems is very high and our budget deficit is enormous. It is a paradox of deterrence that military forces have been most effective when they have not had to be used; size is a factor in deterrence. Decisions are made more difficult by the changing nature of the threat. Nor are other countries'