

We are constantly urging recipient countries to use Canadian funds selectively, in order to finance those goods and services where we are internationally competitive. A recipient country, after all, has a variety of bilateral and multilateral funds to draw on, and we urge them to shop discriminately in order to get the best value for their aid dollar. One has only to glance at the list of items provided under our Aid Programme to see that our funds are being used to supply those items for which we are pre-eminent in the world - grains, fish, minerals, newsprint, asbestos, synthetic rubber, diesel locomotives, STOL Aircraft, hydro-electric machinery, telecommunications equipment, aerial surveys and skilled technical assistance. It is hard to believe that anyone could be more competitive than Canada in these fields.

In short, the whole debate over tied aid has been painted in colours far too bright to apply to the Canadian Aid Programme. Our role is not to impose our goods on other countries, but to assist them where our capabilities and their needs coincide, and to encourage the maximum participation of all sectors of the Canadian economy in that process.

Canadian business and industry do have a growing and important role in the field. Canadian experience with small and medium-scale industries and in such sectors as food processing, wood products and raw material processing is often relevant to the requirements of many developing countries. Direct investment by Canadian business in developing countries is beginning to expand. I hope success in the ventures now under way is contagious. By this means there is a natural transfer of managerial talent, technology and a generation of employment - and the advantages are conferred in a manner which complements the dignity and helps to build the confidence of the developing country.

It is also a process which is paving the way to new trading links with the Third World, which could become a very fast-growing market - if development efforts are successful.

Canada's Export Development Corporation facilitates this process by making direct long-term loans to foreign buyers of Canadian capital goods, thus enabling developing countries to acquire capital goods on accessible terms.

Some authorities have suggested that aid programmes should have a political rationale. This is the view that successful development assistance, by reducing hunger and misery, has a tranquilizing effect on the poorer countries. It rests on the assumption that the interests of the donor nations are best served by maintaining the status quo. This is a pernicious view and one that I reject.

There are cases where one can only hope that in the course of time the aid which is received from us and from others will give to the people the strength they need to displace unrest and unprincipled governments. We can, if we look far enough ahead, see the inevitable unrest, which is born of rising expectations, as a transitional period leading to a more stable and prosperous world.