

developing countries, as defined by themselves. (181-183)

(iv) In line with a flexible and long-range approach to evaluation, the Subcommittee recommends that the Government consider allocating more "programme aid" to countries with which Canada has had successful experience in development cooperation. (184)

Terms and conditions of Aid

(i) The terms and conditions attached to the use of aid have a major effect on the real value of the resources transferred, the ease or difficulty of administration, and judgments regarding the sincerity of stated motives for assistance. (187)

(ii) In the area of "financial terms" (interest rates and the terms of repayment), Canada has made steady progress in liberalization over the past few years. In view of the present debt-servicing problems of some developing countries, it is important to maintain the most liberal terms possible. (189)

(iii) In the field of procurement terms (or tying of aid) the Canadian record is not as good. Tying reduces the value of aid, complicates its administration and causes frictions between donor and recipient. Canada and other DAC countries have made steady progress in "untying" their aid and the Policy Paper included some major changes for the better. (190-192)

(iv) The best long-term solution would lie in agreement among donor countries on measures to untie aid on a multilateral basis. There is a need for energetic Canadian advocacy of multilateral action. If such action does not appear imminent, however, the Canadian Government should proceed without delay to untie Canadian aid funds for procurement in other developing countries. (193-194)

(v) as untying progresses, vigilance will be required to prevent a number of possible side-effects. Untying must be "defacto" as well as "de jure". Tying requirements must not be replaced with harder financial terms or other restrictions such as project tying. Special efforts may be needed to maintain public support and prevent the reduction of the volume of Canadian aid. (195)

New Challenges

(i) The most important change taking place in the whole development field is the ascendancy of a "much more human attitude toward development" (Maurice Strong). This involves increased concern for social development, fuller involvement of the people of developing countries themselves, and a particular concern for the problem of employment. (198)

(ii) Borrowed "growth standards" from the industrialized world are no panacea for the problems of developing countries. On the broadest social and economic grounds, technological growth must be re-defined and adapted to their needs and aspirations. Canada too can learn from this process. (199)

(iii) The overall Canadian effort in development cooperation will increasingly involve fields of interest to the provinces. The patterns of communication and coordination which have evolved in recent years may have to be strengthened in order to minimize duplication and diffusion of effort. There are expanding outlets for contributions from French-speaking Canadians and the aid programme will continue to be an important factor in the development and projection of the bilingual and bicultural nature of Canada. (200)

(iv) In the whole area of environmental protection there is a major difference of perspectives between developed and developing countries. If "clean" development is to be asked of the poor countries, they cannot be expected to pay the extra costs alone. (201-202)

(v) The final challenge is for Canadians to continue to progress in their understanding of, and involvement in, international development. The fundamental objective, as M. Gérin-Lajoie told the subcommittee, is for Canada to play "a significant, if not a leading, role in developing a new international community with a different set of values...". (203)

"The widening gap between the developed and developing countries has become a central issue of our time." ("Partners in Development"—The Pearson Commission Report)

"Development is the new name for Peace".
(Pope Paul VI)

INTRODUCTION—

1. In recognition of these challenges, the Committee on External Affairs and National Defence constituted, on 27 November 1969, a Subcommittee to examine Canadian international development assistance policy.*

2. In the course of its hearings, the Government tabled a policy paper on "International Development". In introducing this paper (and its companion pieces) the Secretary of State for External Affairs stated before the Standing Committee on 27 October 1970:

"The Foreign Policy Papers record decisions made by the Government and give notice of action it intends to take. To this extent they state government policy. To a much greater extent the papers, particularly the general paper, that is *Foreign Policy for Canadians*, present the government's views about Canada's place in the world, about national aims and interests, and about how these can best be fostered.

When the government expresses views in this way, it invites the widest possible discussion of them..." (p. 1:7)

During the Third Session the Subcommittee has responded to this invitation.

* The Subcommittee was originally constituted under the chairmanship of Mr. Bruce Howard, M.P., with M. Gilles Marceau, M.P. as Vice-Chairman. In the autumn of 1970 the Subcommittee was reconstituted with a new Order of Reference and with new officers—M. Georges Lachance, M.P. being elected Chairman and Mr. James E. Walker, M.P. as Vice-Chairman.