

more recently that the reverse is no less true. It is unfortunate that this basic interdependence between developing and industrialized countries should often be obscured by the tensions or rhetoric of the North/South debate; because it is on compatible long-term interests and a growing sense of solidarity that the best chances of progress rest.

Canada, less than any other industrialized country, can remain indifferent. We have a vulnerable economy, and we are both an industrialized and a developing country. Our best future lies with a balanced and growing world economy in which developing countries have their rightful place. Surely, to contribute to it is in our own long-term interest....

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#### Partners of tomorrow

Our aid programs are also at the inception of our bilateral relations with most developing countries. If we want to build lasting and mutually beneficial relations, we must help their social and economic development with a keen understanding of their problems. Many industrialized countries who are our main competitors already have well-established relationships with a number of developing countries based on their colonial past, or on geopolitical and historical factors. These industrialized countries realize full well the increasing importance of developing countries in shaping the world economy. And so should we. Many of these developing

countries may prove to be our indispensable partners of tomorrow.

Let me finally deal with the argument that "charity begins at home". Yes, it does. This is why 60 per cent of our total aid budget is spent in Canada for goods and services provided to developing countries. The sum is close to \$650 million annually. It is estimated that over 100,000 jobs can be related to our foreign aid program.

The bilateral aid programs provide foreign markets for key Canadian industries and may sometimes represent a major source of contracts. For example, projected CIDA spending for this year in the field of energy is about \$56 million. Expenditures on transportation are even greater, particularly in the purchase of rails, rolling-stock and locomotives, which should reach over \$70 million this year. We have spent about \$100 million on telecommunications over the past five years.

Loans and lines of credit to developing countries, which are in excess of \$70 million for this year, provide that goods and services will be purchased in Canada. The favourable rates of the loan allow Canadian suppliers a competitive edge, and the business resulting represents additional revenue for Canadian manufacturers. This revenue, in turn, maintains employment, supports production levels and helps industrial expansion here.

By establishing Canadian technology and expertise in the developing countries on whatever terms we grant them, we are

laying the groundwork for repeat business and for an expansion of Canadian trade in the future. At the same time, it becomes possible for Canadian investors to gain preferred terms for investment in many developing countries.

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....The Canadian Government has established a direct link between the rate of growth of Canadian official development assistance (ODA) and the real growth of gross national product. Thus, in a real sense, what the Canadian aid program contributes to the expansion of our economy will help increase our foreign aid.

#### Support still positive

One hears a good deal about the dwindling support in Canada for development assistance. This is a matter for concern, if it is right that foreign aid contributes to a better world environment and the development of mutually beneficial relations between Canada and developing countries.

I am happy that the majority of Canadians still make a positive judgment. The latest public opinion poll carried out by CROP of Montreal concludes that 54 per cent of Canadians are interested in the developing world; and more remarkably, 54 per cent of Canadians, the same percentage, have contributed money to agencies working for development in those countries.

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"Are we doing it well?" is a far more complex and difficult question. Here we have to measure against agreed objectives and criteria each and all of the main elements of an aid program. The volume and growth rate of ODA; the relationship of aid to other resource transfers; its quality measured in terms of liquidity, procurement, grant/loan ratio and loan terms; the relative importance of various aid channels — bilateral, multilateral, food aid, special programs; geographic distribution, sectoral distribution and target groups. The examination has to be in terms of both effectiveness and efficiency. International development is no longer a simple business.

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#### Recent changes

Much has been done in CIDA over the past six months to improve our ability to manage the Canadian aid program and relate it more closely to the Canadian economy.

(Continued on P. 8)



Felix Kerr

*Castries, Comprehensive Secondary School, St. Lucia: Frank von Wahl, from London, Ontario, explains the intricacies of small engines to an attentive class.*