

*CIDA policies  
may alienate  
business interests*

program administrators who knew how to run projects but lacked expertise on matters such as tariff levels, commodity stabilization agreements and currency movements.

Officials from the Departments of Finance, Agriculture, and Industry, Trade and Commerce have dominated the internal government debates on what Canada's negotiating positions should be in forums such as the International Monetary Fund and the General Agreement on Tariffs and Trade. These officials have generally been sympathetic to the interests of Canadian producers.

CIDA is now brushing up on its economics in order to wield more "clout" on behalf of its own "constituency" — the developing countries. The kinds of policy the agency urges at interdepartmental meetings may alienate the business interests with which it has been so chummy for so long. Aid officials will not act as uncritical transmission-belts for the demands of the Group of 77. They will not, of course, press for the adoption of policies benefiting the Third World to Canada's detriment. Nevertheless, CIDA is likely to be more tolerant than its bureaucratic betters of such Third World aims as:

commodity-supply agreements whose prices would be indexed to inflation and would make imported raw materials more costly for Canadian processors (though assuring their supply);

tariff cuts on tobacco and other tropical farm products whose importation at lower prices might jeopardize Canadian output of similar commodities;

international codes to regulate the conduct of multinational corporations and to promote the transfer of industrial technology on terms more favourable to the developing nations;

measures by the industrial nations to discourage the development of synthetic substitutes for primary products that are crucial to the export earnings of the Third World.

These and other objectives of the developing nations are enough to cause sleepless nights for Canadian tobacco-growers, as well as textile and footwear manufacturers, who probably view every new shipment from Taiwan or the Philippines as a threat to their economic survival. They may be right. CIDA's imperative is to demonstrate that hardship to some sectors may be offset by the new opportunities awaiting others. Those opportunities are subsumed under the rubric of "industrial co-operation".

The Canadian and other Western governments are exploring with the Third

World a framework within which the transfer of capital investment, know-how, managerial skills, and production tasks could be accomplished. As a 25-year target, the UN has declared that 25 per cent of global manufacturing capacity should be located within the developing countries, which now have only 7 per cent. As CIDA President Gérin-Lajoie has said, such a massive shift "will not be done by governments of industrialized countries but by private enterprise".

"Canada does not appear", he adds, "to be in the forefront of industrialized countries already participating in the expansion of the industrial base of Third World countries." As a country that has itself wrestled with the foreign-ownership dilemma and experiences other problems common to developing economies, Canada could be expected to show some sensitivity.

CIDA and the Department of Industry, Trade and Commerce favour more "turnkey projects," in which Canadian enterprise builds and equips a plant, trains the staff, and then turns the project over to the developing country. Such industrial co-operation could be given parallel support by both CIDA and the Export Development Corporation. The EDC makes "hard", rather than "soft", loans to finance Canadian exports. Even so, its borrowers are often developing countries. The five-year aid plan notes: "CIDA and the EDC have been able to co-ordinate their operations effectively... through such instruments as parallel lines of credit." This combination seems to be particularly well suited to the needs of the more advanced Third World nations.

### **Consultation needed**

The Canadian Government should consult its business supporters more systematically on the new directions that development co-operation is taking. It was all very well for Mr. Gérin-Lajoie to "tip-off" the Canadian Export Association about the new aid strategy shortly before its release, but such gestures are inadequate (leaving aside the question of their propriety). A more regularized, formal mechanism is required for a proper exchange of views. It should involve not just the business sector but non-governmental organizations (NGOs) as well.

The Canadian International Development Board could serve as an appropriate forum. As a clique of top-level bureaucrats drawn from several departments to advise the Cabinet on broad development policies, it has met infrequently. It is high time that a representative group of business and NGO leaders invaded the inner