

budgetary one and not a question of the basic availability of resources in Canada." (p. 14)

36. This statement is followed by an important acknowledgement that "development is a long-term commitment that will require a steady and increasing stream of resources". (p. 14) The Paper continues:

"The development process must therefore be insulated against fluctuations in the allocation of development assistance that might arise from budgetary or financial considerations. To provide this stability, and to recognize the priority of the development assistance programme, the Government will endeavour to increase each year the percentage of the national income allocated to international development assistance." (p. 14)

37. The Subcommittee appreciates that the Government is aiming for "regular and dependable" growth and is clearly reluctant to undertake to reach specific targets which may not subsequently be met. To do so would not only be damaging to morale, both domestically and internationally, but would also have a very detrimental effect on the development planning process.

38. The Subcommittee is likewise aware that the provision of the additional funds which the Government has stated it will endeavour to allocate to foreign assistance raises at this time serious questions of competing demands and priorities. The Subcommittee is fully sensitive to these factors and recognizes that these decisions each year hinge on both political will and the maintenance of public support. In the face of domestic needs of undeniable gravity and urgency, the Canadian public cannot be expected to remain immune to the loss of interest and concern which has occurred in a number of donor-countries. As the Prime Minister said in the Throne Speech debate in October, 1969, "It must continue to be the responsibility of all of us, here to ensure that Canadians will understand the need, and support increasing expenditures, for developmental programmes". (CHCD, 24 October 1969)

39. The overall topic of public support has been discussed in a previous section of this Report and the Subcommittee has stressed the need for a concerted programme of activity in this area involving the very considerable resources of the voluntary agencies and community groups. In the context of such a programme, adoption of the Pearson Commission's targets could prove to be a very beneficial factor.

40. In considering whether it would be realistic at this time to recommend the formal adoption of the Pearson Commission's target for official aid, the Subcommittee has had to take account of a statistical problem, namely, the difficulty of determining the probable Canadian Gross National Product in 1975. The Dominion Bureau of Statistics declines to make an estimate and the Economic Council of Canada acknowledges that its figures are only crude projections. On the basis of these projections of GNP the Subcommittee has been surprised and pleased to discover through its own calculations that Canada

could, by maintaining the rate of increase set in 1971-72 (approximately 16.5%), come close to achieving the .7% target in the 1975-76 appropriations. In other words, by maintaining (or slightly increasing) the present priority on efforts in this field, the Pearson Commission target for official aid could be met. It must be noted, however, that the target refers specifically to "net disbursements", on which basis somewhat more effort would be required.

41. The Subcommittee accordingly recommends that the Government maintain the rate of increase in CIDA allocations set in 1971-72 with a view to achieving the .7% target as a minimum by 1975-76.

42. A further issue relating to the level of Canadian allocations is the much-discussed "lag" between allocations and disbursements. This "lag", the Subcommittee believes, has been misunderstood in some quarters to imply a fundamental incapacity on the part of the Canadian Government, multilateral agencies or recipient governments to utilize effectively the present volume of aid resources. The Subcommittee has considered this subject at some length and has concluded that this is not the case. The actual situation is convincingly explained in a background paper prepared by CIDA and appended to Issue No. 11 (4 February 1971) of the Proceedings of the Standing Committee. In summary, the Subcommittee is persuaded that a certain "lag" or "pipeline" is a normal and unavoidable element in programmes of this kind. Its excessive length in the past now appears to have been essentially a transitional problem which is being overcome quite satisfactorily. Many of the delays have been a result of policies which have been substantially improved by the policy review. A number of additional changes suggested in later sections of this report could be expected to further alleviate these difficulties.

43. The Subcommittee has also been impressed by the possibilities of another proposal for stepping-up the volume of international development assistance. This is the scheme for "linking" Special Drawing Rights (SDR's) to the provision of development finance. The Subcommittee heard a number of opinions on this subject, but it is clearly too early to take a final position on the complex and controversial "link" proposal. This is the current view of the Canadian Government, as expressed in the House by the Secretary of State for External Affairs on 17 February, 1971. Mr. Sharp stated, however, that "We do...regard it as an important proposal requiring serious consideration" and noted that the proposal has been the subject of numerous, and continuing, international discussions.

44. In view of the striking potential of such a scheme (if practical), and the support given the plan by many developing countries and a number of international bodies, the Subcommittee recommends that the Canadian Government give special impetus to its study of the "link" proposal. In this connection, the Subcommittee noted that the proposal is likely to come up for serious consideration by the international community as a whole in 1972. It is to be hoped that at that time the