

into potent political pressure on governments. In the past three years, these forces have attached themselves to an economic whirlwind. Poor grain harvests and depleted global reserves have raised the spectre of mass starvation in South Asia and Sahelian Africa.

The scalping of scarce oil resources by OPEC has created a new level in the world's economic pecking order — *nouveaux riches* such as Mexico, Venezuela and the Arab sheikdoms. These upheavals have started "a whole new ballgame" in development assistance. It is now seen as urgent for poorer nations to harness their arable land and become self-sufficient in food-production.

Aid donors, aware of this new imperative, righteously seek to deter the misuse of scarce Third World capital in such glamour projects as satellites and nuclear devices. The givers also have awakened to the need for more discrimination in choosing their beneficiaries.

The upheaval has produced leadership for the Third World's bid to redress the economic imbalance with the rich industrial nations. The oil states, by flexing their muscles, give the poorer nations a chance to challenge the Western bully.

Response

What is CIDA's response, and how will it affect the business community?

The agency will concentrate most of its attention on the 40 or so poorest nations, reducing its help to past recipients who have succeeded in graduating from the Third World slums. CIDA will aim future projects at agricultural production, rural development, public health and education in the developing countries. Industrial infrastructure projects will be downgraded. Instead of locomotives and transmission equipment, Canada's foreign-aid program will export more farm implements, medical hardware and educational materials.

Fewer engineers and more agrologists, nutritionists, teachers and doctors will receive CIDA contracts to work abroad. The agency's search for exportable manpower and technology will shift from business to public institutions. It will increasingly tap the resources of the federal and provincial governments, universities, hospitals, medical and agricultural research centres.

Moreover, this is not the only shift that will make it harder for business to earn an aid dollar. CIDA has irked the Canadian Export Association by deciding to untie more of its bilateral aid. Suppliers in developing countries — though not in

other developed countries — will be permitted to tender for contracts on CIDA bilateral loans. If the more advanced of the developing nations — like Brazil, Mexico, South Korea — are included on the list of eligible bidders, Canadian suppliers might lose as much as \$200-million worth of potential export orders over the next five years.

The Department of Industry, Trade and Commerce hopes such trade diversion will be offset by more successful Canadian tendering for contracts let by the World Bank and regional development institutions. In the past, Canadian suppliers have been either unfamiliar with the available opportunities or too inefficient to make a competitive bid — or else the projects were suited to consortium arrangements rather than the "rugged individualism" of Canadian businesses. Canadian suppliers, the joke went, were only fit to be tied. But they had better learn to compete aggressively for contracts from multilateral institutions.

Not only are Canada's bilateral contracts being partially untied and increasingly directed at the public sector, they are being reduced as a proportion of the CIDA budget. The share of CIDA assistance channeled through multilateral vehicles will rise from 24 per cent to 35 per cent over the next five years (not counting food donations).

Most of these changes in CIDA's strategy amount to a sensible adaptation to new and irresistible circumstances. A number of the reforms, such as the further multilateralization and untying of aid, have been urged by academic experts for years. Ironically, as CIDA finally bows to the inevitable, it has the *chutzpah* to trumpet these innovations as a "Great Leap Forward" in international co-operation. External Affairs Minister Allan MacEachen was not a pioneer but a laggard when he addressed the seventh special session of the United Nations General Assembly last September. The Minister devoted only one page of his speech to industrial co-operation, dwelling longer on a recitation of Canada's new aid plan.

Beyond aid

In contrast, the concerns of the developing nations have moved beyond aid, focusing now on a realignment of trade and investment dealings with the West. It is only fair to add that CIDA has finally begun to act on President Paul Gérin-Lajoie's five-year-old commitment to tackle these so-called "multidimensional" issues. That may prove the most demanding adaptation of all for the agency. It has been top-heavy with

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