

capable of absorbing Canadian technology. Secondly, the best method of committing large sums of money may be inappropriate. Program aid, which involves general balance of payments support and funding over a wide range of government expenditures, is not as simple to apply or administer as the alternative mechanism, project aid, which involves financial support for a very specific development effort such as road construction. Since project aid becomes the dominant method of disbursement, the problems associated with recipient countries' ability to suggest good projects coupled with the inability of Canadian aid personnel to identify and evaluate projects quickly tends to slow down the selection process. As a result, the time required and the limited range of relevant projects contributes to our failure to spend the allocated funds.

Although the authors pinpoint the basic elements of the disbursement problem, they do not come to terms with two fundamental points. Firstly, since the poorest underdeveloped countries require project aid, given Canada's concern to focus on these recipients, one would expect a series of recommendations as to how our aid administrators can overcome the difficulties of project selection. Secondly, and more importantly, if the social effect of development efforts is to be taken seriously in assessing projects for Canadian assistance then the difficulties in spending will be a less significant consideration. The assumption that the volume of our aid is the relevant indicator of the quality of the Canadian aid program will have to be abandoned.

The effects of this approach can be seen in the reforms suggested by the Council. The report suggests we should work to expand the number of program countries relative to those which receive project assistance and we should concentrate our assistance on a manageable number of program countries so that our aid efforts can be administered more efficiently. This revised strategy assumes that the efficient administration of aid has become pre-eminent. The provision of useful assistance, defined in relation to narrowing the social differentiation which has appeared in underdeveloped countries and addressing the basic needs of the poor majority, is neglected. Despite a disclaimer to the contrary, the priorities of the Economic Council have displaced the priorities defined in the *Strategy for International Development Co-operation, 1975-1980*.

Having argued for a concentration of our aid on a select number of countries, the Economic Council studiously avoids defining criteria which could be used to guide Canadian policy-makers. Rather, the authors engage in an unsuccessful attempt to identify what might have been the key criteria used by policy-makers some time ago:

From the point of view of eligibility . . . (how Canadian authorities choose the recipient countries)

... it appears that a developing country will probably receive a favourable decision if it is either a Commonwealth member or a francophone country, if it has a large population, and if its income per capita is low. On the other hand, the value of Canadian exports to that country and the amount of aid it receives from other donors do not seem to have any influence on the eligibility decision. Note, however, that these results are for the years preceding the publication of the Canadian government's *Strategy for International Development Co-operation in 1975*. We do not know what influence these factors have had on the eligibility decision after that year.

Although the Council has recognized the adverse effects of aid-tying on our ability to spend aid allocations and the far greater need for aid finance to support local costs in development projects, the authors are very hesitant to advocate untying. This must be deferred until a time when the effects on the Canadian economy will be negligible.

With this decision, the Economic Council of Canada has come full circle. Major changes in the tariff structure, which impedes access to the Canadian market by underdeveloped countries, fundamental reforms in the Canadian aid program to meet the Canadian government's new aid priorities, untying of procurement to meet the needs of recipient countries and an increase in the volume of our aid disbursements must await a revitalization of the Canadian economy. The authors use phrases which suggest action and reform but which on inspection merely justify the continuation of policies defined in and only relevant to an earlier period. A selection from the concluding comments on Canadian aid serves to illustrate the point that the Council is not prepared to come to terms with its own recommendations:

All of our policy recommendations except the last, are in the nature of improvements in either the developmental quality of Canadian aid or the effectiveness with which it is administered. But the implementation of these measures will take time. In the interim, it would be unreasonable to plan for the immediate continuation of the same growth in aid volume that Canada has achieved in the past. This conclusion is reinforced by the current state of the Canadian economy and the future requirement to accommodate the fiscal needs of a large-scale domestic adjustment and redeployment program.

Domestic adjustment

The central thrust of the report is found in the domestic adjustment and redeployment program designed to alter Canadian employment and production in industrial sectors most seriously threatened by the competitive challenge of the advanced developing countries — Singapore, Hong Kong, Taiwan and Korea. Six major manufacturing sectors were iden-