able to cash in on this new era of development co-operation but, for many, "what's in it for us" will not necessarily be a continuing bonanza.

Since CIDA was created in 1968 as the proconsulate of Ottawa's growing aid empire, its staff has presided over the expenditure of $4 billion, most of it in bilateral loans and grants. The agency has at present 2,700 contracts with Canadian firms to supply manufactured goods and equipment, as well as 140 contracts with suppliers of commodities ranging from grain and newsprint to copper and asbestos. It also has 135 contracts with consulting firms. Of CIDA's $900 million in estimated spending for the fiscal year 1975-76, $600 million is used by the receiving nations to shop for goods and services in Canada. This "recycling" of benefits to the Canadian economy results from the "tying" of most CIDA aid dollars.

Strings attached

The original designers of Ottawa's foreign-aid program believed such recycling was necessary to maintain public support for their efforts. And they concluded that strings had to be attached because high-cost Canadian manufacturing firms were as much as 15 percent less competitive than their rivals in other developed countries. The "Buy Canadian" restriction was also meant to assure Canadian exporters a foothold in foreign markets they might otherwise have been unable to penetrate through purely commercial transactions. The foreign-aid program has, in fact, been Ottawa's costliest subsidy to Canadian private enterprise. The rhetoric of CIDA spokesmen, however, persists in representing hardheaded commercialism as goodhearted altruism.

Foreign aid a costly subsidy to Canadian enterprise

Until very recently, CIDA had concentrated on capital-intensive development projects and surplus-food disposal. Its chief domestic beneficiaries were companies in the communications, transportation and energy sectors (such as Canada Wire and Cable Ltd., MLW-Worthington Ltd., and Atomic Energy of Canada Ltd.) and processors and producers of such farm commodities as wheat, eggs, skim milk and beef.

A tiny fraction of the CIDA budget is devoted to incentives for Canadian businesses to set up joint ventures in developing countries. But most Canadian investments in the Third World (e.g. Alcan, Massey-Ferguson, Canadian chartered banks) have been outside this framework. Nor have all CIDA-sponsored investments flourished. The Malaysian subsidiary of Microsystems International, for example, collapsed a few years before its Ottawa-based parent met a similar fate.

During the past five years, Parliament's allocations to CIDA have climbed at an annual rate of 20 per cent. But that spiral has now been checked by Government austerity. This year's increase, though lifting CIDA spending to the $1. billion dollar plateau, was only sufficient to offset inflation. And the proportion of the gross national product devoted to foreign aid is actually falling – from 0.57 per cent in 1975-76 to 0.54 per cent in 1976-77. The Canadian business community, for all its diatribes against Ottawa's lavish spending habits, will miss the fillip that extra CIDA aid contracts would have given to export business. Moreover, the cozy CIDA-business relationship will be strained by the agency's new "Strategy for International Development Co-operation".

CIDA's strategy

This five-year plan, published last September, charts the adjustments being forced upon CIDA by a number of developments outside Canada. The various pressures are of differing vintage, but they have coalesced in the past year or two to force an "agonizing reappraisal" by all Western aid donors.

Almost from the moment that aid began flowing to them, the newly-independent nations of Asia and Africa have been looking the Western gift horse in the mouth – and recoiling from its bad breath. Having severed their colonial bonds, the poorer nations chafed at the attachment of political and economic strings by their benefactors.

Their reaction, though not ungrateful, has included a persistent demand that the number of aid strings be minimized – the political ones through the channeling of more Western assistance *via* multilateral aid institutions and the economic ones through the "untying" of whatever aid flows continued on a bilateral basis.

The developing nations have acquired two valuable allies in their crusade. The first has been the growth of international organizations, both within and beyond the United Nations orbit. They include the UNDP, the WHO, the FAO, the UNRRA, the World Bank, and, now in their formative stages, the International Agricultural Development Fund and the Commonwealth Rural Development Fund.

The Third World's other strategic ally is intranational: the non-governmental organizations, such as Oxfam, Gatt-fly and CUSO, which mobilize domestic public opinion in favour of development assistance, translating generalized good will