

Assistance Committee has known, as have the World Bank and the United Nations, that our joint efforts are faltering. The encouraging increases in the expansion of aid that took place before 1961 have not been repeated, and the terms on which assistance is extended are hardening, building repayment problems for the future. It may well be time for the Development Assistance Committee to speak to its members a little more firmly, and to exercise the moral suasion its unique position commands.

We have the assurance of the World Bank that the developing countries could make effective use of at least another \$4 to \$5 billion annually than they are now receiving. This means that the Bank has judged the problems of disbursement and absorption as not insurmountable, and indicates an encouraging view of the possibility of speeding up the timetable of development. I do not know if this volume can be attained in the short run. Taking the practical view, I find it hard to believe that we can collectively achieve a 35 percent increase in all forms of aid within, say, the next five years; but, drawing upon the experience of war, I am not unconscious of the fact that amazing results can be obtained from single-mindedness of purpose.

But, of equal importance, can we provide this aid on terms which will be of long-term assistance to the developing world? It is a sobering fact that the developing countries pay out between them \$3.5 billion a year for servicing their external public debt and twice that sum when private commitments are included. The poorest among them, a former World Bank official has estimated, are now repaying more in interest and principal on World Bank loans than they are receiving in disbursements from the Bank. If we increase the amount of capital available without considering the impact of our terms on the developing countries, we could be compounding current difficulties and postponing indefinitely the creation of conditions of self-sustaining economic growth.

In planning for Canada's programme of development assistance, we have been deeply conscious of the need for more aid, and for aid on better terms. At the present time, Canadian aid in all forms amounts to approximately \$300 million a year, which is about three-fifths of one per cent of our gross national product. In a period when the level of assistance to the developing countries has been tending to remain static, Canada has taken the decision to expand its contribution to international development to an amount approximately equal to one per cent of its gross national product by the early 1970s.

The terms of Canadian aid have always been relatively favourable. In the beginning, almost all our aid was in the form of grants, and grant aid continues to make up a substantial proportion of our total allocations. When the level of aid was expanded and it was decided to make aid available in loan form, the terms were based on those offered by the International Development Association -- that is, no interest, ten years grace, and repayment over a further period of 40 years. Last year, even the three-quarters of one per cent service charge on this type of assistance was eliminated. We recognized, however, that some developing countries would usefully handle loans with somewhat higher repayment obligations and, to meet this particular need, a type of loan carrying interest at three per cent, with seven years grace and 30 years maturity, was introduced.