

advantages. Thus we believe that, as a rule, it is preferable to avoid balancing-off development concerns against the operation of market forces. In view of the great poverty of a number of Third World countries, however, we feel that a minor qualification of the rule might be warranted.

The very mechanism that is under challenge by the Group of 77 represents salvation to the Economic Council of Canada. Thus, although the report claims to deal with our relations with developing countries, rather it focuses on a narrow concern with the competitive challenge of exports from more advanced developing countries.

Aid program

From the Council's perspective, the economic fate of the remainder of the Third World must continue to rest with the aid program rather than with any fundamental change in our economic relationship. The Economic Council, not surprisingly, affirms the beneficial effects of aid, and argues in favour of the Canadian government's policy of maintaining a commitment not to let our aid volume fall below .5 per cent of GNP. In addition, it supports the general direction of bilateral aid both in relation to greater concentration on a smaller number of recipient countries and the continuation of aid-tying.

A number of basic elements that affect the Canadian aid program are either ignored or hastily reviewed. In the 1970s, aid donors, international institutions and academic researchers, concerned with the tendency for development efforts to benefit the wealthier strata within underdeveloped countries, have argued that greater attention should be given to the social impact of aid-sponsored projects. This means not simply a shift away from urban to rural development but as well a concern to see that less privileged strata within rural society gain access to participation in development.

In the past, efforts to promote cash-crop agriculture among small farmers have concentrated on the progressive farmer and left the bulk of the farming community outside the distribution of benefits. The new approach requires greater effort by aid and government officials to understand the structure of rural society and to be able to take account of the social divisions in project design and selection. Other important changes have occurred within aid circles. A "basic human needs" strategy, for example, has been advocated by the Development Assistance Committee and the World Bank. This strategy represents an attempt to provide the basics of food, shelter, health, education and other social services to the poorest 40 per cent of the population. In addition, since the Least Less Developed Countries, the poorest 25 on the basis of per capita income figures, depend heavily on aid to support government efforts, it is conceded that a greater effort must be made to increase the

aid contributions to this group of countries. Canada, in the *Strategy for International Development Cooperation 1975-80*, accepted the reorientation in aid towards a concern for the distributional effects of aid efforts:

Assistance will be concentrated in those countries which are at the lower end of the development scale, as measured by a variety of economic and other social indicators, and which are most severely affected by current world economic conditions. Priority will be given to meeting the basic needs of their populations. Canada will give the highest priority to development projects and programs aimed at improving the living and working conditions of the least privileged sections of the population in recipient countries and at enabling these people to achieve a reasonable degree of self-reliance.

A recognition of the significance of the social impact of projects and the acceptance of a basic human-needs strategy requires critical reforms within the aid programs of donor countries. Bilateral aid, for example, must focus on integrated rural development projects rather than on large-scale infrastructure projects which utilize Canadian goods and services as a result of the demand for high levels of Western technology. Aid must become increasingly untied to allow local project costs to be funded through aid dollars. Projects which serve the rural poor may be dispersed over a wide number of Third World countries which will require less emphasis towards concentrating Canadian aid on a limited number of program countries. In order to facilitate the selection of projects to meet the new criteria, a stronger emphasis will have to be placed on developing a larger and better qualified CIDA field establishment.

Both the reorientation in attitudes towards aid efforts and the requisite changes which must be introduced to respond effectively have escaped the attention of the Economic Council. In the section of the report devoted to aid, the only reference to the social impact of aid and the relevance of the social structure of Third World countries to development occurs with the rather bland statement that this is a complex area about which not much is known. The Council then presents an overview of the Canadian aid program that is directly counter to the demands of the new approach.

To the authors of the report, one of the central problems that has hampered the administration of our aid program has been the inability of CIDA to spend the funds allocated by Parliament. This "disbursement problem", which affects the bilateral component most severely, can be traced to several major factors. In the Council's assessment, aid-tying contributes to disbursement difficulties because Canadian products may not be sufficiently competitive or the economy of the underdeveloped country may not be