

Statement

Secretary of
State for
External Affairs



Déclaration

Secrétaire
d'État aux
Affaires
extérieures

90/25

CHECK AGAINST DELIVERY

"OFFICIAL DEVELOPMENT ASSISTANCE"

NOTES FOR A SPEECH BY

THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS,

THE RIGHT HONOURABLE JOE CLARK,

TO THE DON VALLEY, FOREST HILLS

AND DON MILLS ROTARY CLUBS

INN ON THE PARK, TORONTO

April 26, 1990.

Periods of plenty are periods when countries - like people - often avoid difficult choices. Periods of restraint are periods when hard and often painful choices have to be made. I don't need to remind you that this government - and this country - are in one of those tough periods now. We have a deficit to reduce. We have expenditures to cut. We have programs to make more effective and more efficient.

Times of restraint also concentrate the mind. They force all of us to ask the fundamental questions: Do we have our priorities right? Are the needs and aspirations of Canadians accurately reflected in the spending priorities of the government?

Many Canadians have been asking these fundamental questions about the money we spend on official development assistance - ODA. Some Canadians are troubled by the fact that we continue to assist other countries at a time when the government is being forced to curtail programs for Canadians. They wonder if it would not be more proper in a period of restraint to address the priorities of Canadians first, and only when these priorities are addressed to turn to the needs of others around the world.

These are serious concerns expressed by serious people. However, there is also a smaller number of Canadians seeking to capitalize on these concerns, as part of an ideological opposition to foreign aid. One such organization is the National Citizens Coalition which has funded a campaign designed to stoke opposition to foreign aid. As far as they are concerned, to give money and expertise and advice to people less fortunate than ourselves is wrong. It is an attitude they apply to less fortunate Canadians as well as to less fortunate people around the world. In a democracy, of course, groups like that have a perfect right to hold those views and propagate them. But they misinform Canadians about an important element of Canadian foreign policy, and I welcome the opportunity today to provide a different perspective.

I want to make two basic points. The first is that ODA is a reflection of the Canadian character. It is one way we express our sense of justice, of morality - our values as individuals and a society. My second point is that ODA is not charity. It is a prudent, long-term investment in Canada. It is something which means security for our country, jobs for Canadians, and money in the bank.

In Pakistan, Canada has contributed almost half a billion dollars over four decades to that country's energy sector. We were key players in Pakistan's first hydro dam, its first thermal power station and its first extra high voltage transmission line. Our projects there have helped Pakistan successfully and efficiently manage its energy resources and have encouraged Canadian industrial links with the energy sector in that country. Similar largescale energy projects have been mounted in India, Kenya, Tanzania, Botswana and Zimbabwe.

In Kenya, Canada funded the Kenya Technical Teachers College, whose Canadian-trained staff teach teachers how to deliver courses in many practical fields - ranging from carpentry to auto-mechanics to accounting - helping Kenyans become self-reliant contributors to their society. We run a similar project in Malawi - where the Natural Resources College provides instruction in natural resources management.

In the Caribbean, we have upgraded 22 airports for the 13 island members of the Commonwealth, providing them with the safety and security infrastructure required for their crucial tourism and trade industries.

Many of our ODA projects are of a smaller scale, chosen by our Ambassador to meet specific local needs. That is called the Canada Fund Program.

In Bangladesh, the Canada Fund supported a group of poor women who wished to set up a quilting business. That business is booming and the co-operative's work is now known world-wide.

In Gaza, a small grant was given to the Save the Children Fund which demonstrated to local farmers new trellising techniques for grapes. Grape production has now tripled.

And in Kenya, the Canada Fund provided \$8,450 to local farmers to install an electric fence around their community. That fence has increased food production by 60%. The project worked so well that other settlements in the area have copied it.

Often Canada benefitted directly from ODA research. The International Development Research Centre does co-operative research on canola with the Chinese. Farmers in Canada will soon be growing canola incorporating genes from Chinese rapeseed varieties - seeds which will be resistant to the devastating root diseases that have hurt Canadian production.

IDRC funding was also crucial to a joint research project involving Ontario and Chinese scientists which studied innovative means to control the devastating spruce budworm disease. That disease destroys twice as much timber in Canada as is harvested each year. This project, now well underway, will involve the use of specially bred wasps to control the disease. This is one of the most promising developments yet in the fight to control spruce budworm and ODA was there to get the project underway.

These projects and many others have made Canada a respected contributor of ODA. Last year we spent 0.43% of our GNP on ODA -second to France among our G-7 partners. But we are by no means in the lead around the world. Proportionately, Norway spends over twice as much and the Netherlands and Denmark nearly double Canada. Among the 24 developed Western economies of the OECD, we are in about the middle of the pack.

In 1959, John Diefenbaker talked about the then-young Canadian aid program which began with the Colombo Plan, the Commonwealth's imaginative initiative to assist the newly independent countries of Asia. Our contribution to that program then had its critics and its supporters, as does the ODA program today.

Mr. Diefenbaker said at that time: "The good citizen and the good nation must recognize its obligations to the broad community of men...while we have our duty to ourselves and our special relationship to our family and neighbours, more and more, we, as Canadians and as citizens of the world, must seek to share the problems of every continent."

That is part of the Canadian character. Canadians at our best are a generous people, a people willing to share, a people who believe that the fate of others deserves more than a shrug. At home, we believe that the national government has a moral obligation to assist those regions less fortunate than others. We believe it is a moral obligation of governments to care for individuals who cannot care for themselves. And we are unwilling to have that attitude stop at our borders. For most Canadians, bloated bellies and hollow eyes are not a matter of indifference.

That is why thousands of Canadians donated time and money to the victims of drought and famine in Ethiopia. That is why for decades Canadian children have collected for UNICEF at Halloween and Canadian doctors went to Mexico City after that city's devastating earthquake. That is why Canadians have sent missionaries to China, food to Africa, and blankets and blood to Armenia.

That is also why most Canadians would disagree with the National Citizens Coalition when, for example, they criticize the expenditure of taxpayers dollars to develop a low-cost, environmentally-safe latrine system in Guatemala. That project costs Canadians \$215,000. Five million children around the world die from diarrheal disease each year. Compassionate Canadians want to contribute to saving those lives. And that's what this project is about.

For decades, a substantial majority of the Canadian population has supported ODA through thick and thin, in times of plenty and in times of restraint. Because they know that no matter how tough times get here, they will always be better here than they are there, in so many corners of the world.

But for those who dismiss that notion, and who do not believe morality has a proper place in the foreign policy of this nation, there are other arguments in favour of ODA. These are hard-headed arguments, pocket-book arguments, arguments which say that ODA serves Canada as much as it does others.

We are living in a period where change is a constant in world affairs, where old problems we once thought unsolvable are being solved and where new problems are emerging, re-defining our notions of security and demanding innovative and urgent courses of common action.

What are the new global threats to Canadian society, Canadian security and Canadian prosperity? The list is daunting:

- The environment, which is emerging as a threat to human existence the same way nuclear war was seen in the past;
- the drug trade, which threatens the health and well-being of a whole generation;
- the horror of terrorism, whose indiscriminate violence brings suffering and instability to so many countries in the world;
- the proliferation of regional conflicts which, although now reduced in number and intensity through super-power co-operation, afflict the globe all too frequently; and
- the crisis of international debt, whose consequences have threatened the entire international financial system.

I mention these problems to make two points. First, none of these issues will be dealt with satisfactorily without co-operation among countries. Certainly, Canada can in no way solve them on its own, although we must do our part. But secondly, these problems are in many instances the direct consequence of under-development and poverty.

Take the environment as an example. Today, most of the pollution contaminating the global ecosystem comes from the developed world. But that will change dramatically as the developing world industrializes. Those countries are sometimes faced with a terrible choice: to develop and pollute - or not to develop at all. The thought of a China or an India or a Brazil repeating the environmental mistakes we have made is a nightmare. The efforts of Canada to reduce its own pollution will be virtually meaningless if developing countries choose to embark upon a course of development without concern for the environment.

Let's look at two specific examples here - desertification and deforestation. These phenomena present the prospect of a planet deprived of oxygen. They are phenomena driven by a desperate search for fuel-wood or farmland, a search which flows from overpopulation and unsustainable agricultural practices. Those problems will not be solved by admonitions. They will only be solved by providing practical alternatives.

Consider another problem - the international drug trade. It is a fact that drugs are grown in the most impoverished rural areas of developing countries. It is also a fact that the use of drugs is exploding in the third world, again primarily in the poorest countries.

Supplier countries will not be able to solve their drug problem unless they are able to engage in other profitable economic activity. Those profitable alternatives will only exist if these countries are able to develop their economies to the point where such a choice exists. That means development.

Look at regional conflicts. The local wars that can threaten everyone's security are often the outgrowth of civil strife. This strife is aggravated if not caused by inequalities in the distribution of wealth and the scramble for a larger share of the economic pie. That strife can often be traced to under-development, where the pie is simply too small or where an almost feudal economic power-structure prevents prosperity. The war in Vietnam was not just about communism. It was driven by a sense of economic injustice and exploitation. The Central American conflict, so costly in dollars and lives, owes its origins to societies which cruelly exploited their populations, societies which were not developed.

Finally, the crisis of international debt will only be solved when the indebted countries are able to stand on their feet economically and generate their own wealth for their own populations. Debt relief is only the beginning. This will only have long-term effects if it provides a breathing space for countries to implement sensible economic policies - to start on a sure path to sound development.

Those problems threaten the security and prosperity of Canadians. Some of them are new problems. Others are old problems now made worse. Our generation grew up believing that real threat to prosperity and security come from beyond the Iron Curtain. With that curtain now in tatters, we see perhaps more clearly now that there are other threats, equally significant and in many ways more difficult to manage.

Official development assistance - either directly or indirectly - is designed to deal with these threats to Canadians. As such, it should be seen in the same light that we have always seen a national defence effort. The consequences of failure are no less severe.

I have spoken of threats to our security - new threats and new definitions of security. But there is also a question of prosperity. We keep saying that Canada is a country of traders. We depend more on trade than any other developed country - for 30% of our GNP and 2.4 million direct jobs. Our prosperity depends on expanding old markets and developing new ones.

Of course, part of our economic future depends solely on the American market, the Pacific rim, and a single European Market in 1992. But it does not stop there. The developed world market is becoming saturated. The demand is not unlimited and the supply is becoming excessive. New markets are needed - we must seek new consumers, new traders, new demand for our products.

That market can be found in the developing world. Look at the facts. From 1970 to 1985, developing countries have more than doubled their share of world exports of manufactured goods. They account for 25% of all world trade. Output in these countries is rising at about 1 1/2 times the rate of industrial economies. By the year 2000, about 84% of the world's population will reside in developing countries. By the year 2025, there will be 400 cities in the Third World with a population in excess of 1 million. In India alone, by the year 2005, there will be an additional 250 million consumers in its middle class - larger than the current population of the United States. That is a market of huge potential.

So too is the Latin American market. In the year 2000, that region will represent 600 million potential consumers. If Latin America can overcome its problem of debt and development, the potential for Canadian investment and trade is staggering.

Our competitors are already trading with the developing world in a big way. 30 to 40% of German exports go to developing countries. Roughly the same is true for Japan and the USA. Only 10% of Canada's exports go there. We are behind and have to catch up.

Canada pays a direct price when third world economies are weak - a price in Canadian jobs and Canadian markets. Poor countries cannot buy Canadian goods. From 1981 to 1987 - just six years - Canada lost \$24.2 billion in exports to countries that used to buy from us, but cannot now, because of debt, or drought, or low commodity prices, or high energy costs. That \$24.2 billion represent 130,000 jobs in Canada. If we can't manage the problem of international debt, an added 200,000 jobs will be foregone over the next ten years.

So it is a question of jobs lost, markets forgone as a result of poverty in the developing world. It is also a question of potential for growth. Underdeveloped countries do develop and become markets for Canada.

The Pacific rim is full of countries which were the developmental basketcases of the past. Now these countries are not only becoming major economic players. They are also becoming important traders with Canada.

Look at Thailand. From a poor, under-developed society torn by war in Indochina, it has become a dynamic and resilient economy over the last three decades. From the beginning in the 1950s, Canada was an active donor of aid.

Our aid program and our willingness to accept refugees has built a strong bilateral relationship which has resulted in a strong trade relationship. Just nine years ago our trade with Thailand stood at \$150 million. Last year, it reached \$765 million. Thailand is now Canada's most important trading partner in ASEAN. That means jobs for Canadians and profits for our companies. ODA opened the door, and ODA from Canada and other countries helped lift Thailand from a low level of development to the bright future now before that country.

ODA can pave the way - both to prosperity for the recipient countries and for Canadian industry. Many winners of Canada Export Awards have reported that their first breakthrough into third world markets and their first overseas success came through aid-related contracts. It is estimated that about 10% of overall Canadian sales to the developing world are aid-generated.

Let me provide four examples.

Argo Handling Systems Ltd. of Edmonton reports that one of its corporate operations - Argo Engineering - was able to conclude a technology transfer agreement with a Singaporean company through the efforts of CIDA. CIDA provided assistance to ship Argo dock-levellers to Singapore. This led to Singaporean contracts for finished products and components with Argo. According to the company President, Gary Loblick, "This export transaction could not have occurred without the support of CIDA."

Keeprite Ltd. of Brantford, Ontario, sold over \$2 million of airconditioning equipment to the Dominican Republic last year. This contract owes its origins in starter study support from CIDA.

325 direct and indirect jobs were created at SR Telecom in St. Laurent, Quebec, through the sale of telephone assembly equipment to Turkey. This \$29 million contract was triggered by a viability study funded through CIDA.

And Ganong Brothers of New Brunswick has just set up a confectionary production business in Thailand. This private sector joint venture was put together through the industrial co-operation program of CIDA.

Now, we don't engage in ODA to develop exports. We engage in ODA to encourage development. But development means trade. It means trade now for Canadian companies supplying goods and services in many sectors. And it means trade in the future as these economies develop the capacity to stand on their own and purchase from us. It means trade through opening doors, establishing contacts, training decision-makers in those countries - activities which in the developed world we call market development'.

Now, I've talked about markets for the future. CIDA's activities are also relevant to jobs here and now:

- 65 cents of every CIDA dollar is spent in Canada on Canadian goods and services.
- 30,000 jobs are created in Canada and 6,000 Canadian firms obtain contracts for goods and services from ODA.
- The jobs and contracts flowing from ODA are spread right across the country, from the Maritimes to Western Canada.
- The food aid alone provided by CIDA provides support for the equivalent of 5,000 medium-sized farms across Canada.

Of course, ODA is not to be defended as a make-work project for Canadians. There would be more efficient ways to do that if this were the purpose of ODA. But ODA is not an off-shore give away. It provides jobs in Canada today.

Now, I am not going to claim that ODA is risk free. Or that we always get it right. The risks are high and there have been failures. This is global venture capital. There will be failures - as there are when oil companies dig dry holes. Or when software manufacturers invest millions of dollars in new generations of computer technology.

Of course, CIDA has made mistakes. But we have learned from those mistakes. For example, CIDA now emphasizes human resource development in its aid strategy. Countries will only become developed if its people develop skills. And the multiplier effect of such aid is astounding as those who are trained train others.

Time, frustration and risk should not deter us from pursuing the honourable challenge that is official development assistance. Any more than it deterred the Canadians who had the vision to invest in the St. Lawrence Seaway - or the national railway or the Canadian satellite communications system. Or any more than it stopped the developers and scientists who persisted with a technology developed in the 1920s and turned it into the Syncrude project of today. Or any more than those who first explored and settled this country made an investment in time and money before reaping benefits. Those people recognized patience and persistence were required. ODA is no different.

I believe a broad and active ODA strategy is as integral to the foreign policy of Canada as it is integral to the compassion which infuses the Canadian character. Of course, ODA has had to bear its share of the cuts required over the past two years as part of the government's deficit reduction strategy. But I have always fought to keep those reductions to a level which do not harm the economic and security interests of Canada.

The concept behind ODA is straightforward. It flows from compassion. As Canadians, we get great joy for being able to immunize 10 million children a year around the world. As Canadians, we derive great satisfaction from Nelson Mandela telling Canada that our concrete support means so much to the search for a democratic South Africa. And as Canadians, we are pleased to be able to provide ballot boxes, policemen and observers to Namibia, whose historic independence a few weeks ago has brought democracy and the free market to the last colony in Africa.

But the concept of ODA also flows from common sense. We want these countries to buy our wares. We want them to respect our concerns. We want them to develop in a way which preserves the global environment. And we want them to live at peace with each other and with us. That is what ODA is all about.