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CANADA IN THE GLOBAL COMMUNITY

A Speech by the Honourable Mitchell Sharp,
Secretary of State for External Affairs, to
the Canadian Manufacturers' Association,
Toronto, June 3, 1969.

I do not have to tell a group of experienced Canadian manufacturers that Canada depends heavily upon international trade. As a nation, we must export or die. The high standard of living that we enjoy depends on an active market for our products. Our great harvests of wheat and other foodstuffs from farm and fishing-ground, the products of our mines and forests, primary and secondary manufactures -- all these must in large measure be sold abroad. The field in which we are least effective is the one with the greatest potential for maintaining a buoyancy in employment and raising our standard of living, the field of major concern to you, secondary manufacturing.

But don't think I have come to read you yet another lesson on the need to increase your efforts to export -- I used to do that when I was Minister of Trade and Commerce and I am happy to leave it to my colleague Jean-Luc Pepin. I have come to speak to you about Canada in the "global community", and I want to make clear from the start that we are very much in the global community, not just politically but economically as well. Let me illustrate this. Canada's first great object in foreign policy is the prevention of war. Our second great object is to contribute to world stability in general and to the growth of world prosperity in particular.

Any great trading nation knows or ought to know that it can only flourish in a flourishing world economy. Even the United States, the strongest economy on earth, would find its standard of living lowered to a degree unacceptable to its people if world conditions seriously weakened its export trade.

So our two great foreign policy objects -- one political, one rather more economic -- place us in the centre of the global community. It is in this wider community that we must exert our political influence and put our economic resources to work. And we must take it as it is.

Important aspects of our political relations have been discussed in public in recent months as a result of the review of foreign and defence policies currently under way. You heard yesterday, from Jean-Luc Pepin, about Canada's

trade patterns, problems and prospects. Today I have decided to talk of Canada as a part of the global economic community in terms of international development assistance.

Canada recognizes and has official relations with some 120 governments of sovereign nations. About 90 of those nations are poor countries and only 30 or so are what we call "developed". Therefore, for three-quarters of the nations with which we do business, development assistance is a major preoccupation. If Canada is to play a constructive part in world affairs, aid for international development must be one of our major preoccupations. This year, resources made available for transfer to less-developed countries will total about \$360 million. This is a sizeable amount, but if we are to reach the level of 1 per cent of national income to which we are committed, it will have to be doubled in the next few years. The Government intends to do this.

In the course of our review of defence and foreign affairs policies and programmes, we are examining the most basic assumptions and seeking to establish what are the important issues and what are the alternatives open to us in dealing with them.

Part of this review has involved a study of Canada's role in international development assistance. It has been an opportune time to undertake such a study, for the conceptions underlying development assistance are changing.

When international assistance was first attempted on a large scale, the programmes were very basic -- as basic as the soup kitchen during the great depression. But the soup kitchen did not bring back prosperity. It simply kept people alive. Other means had to be found to recreate a lively international economy.

In the same way, we have seen a shift in the emphasis of external aid. From programmes aimed at simply relieving misery, it has developed into a complex process involving all aspects of a country's economic and social life. Educational assistance, financing capital infrastructure such as power-plants, roads and other means of communication, providing managerial skills, supplying industrial raw materials, developing trade opportunities, all play a part. To help a country reach the point of economic "takeoff", the point at which its economy can expand without further infusions of aid, calls for highly specialized and sophisticated techniques. This is the kind of thing Canadians are learning to do on a large scale to make our aid programmes effective.

It is time we asked ourselves some fundamental questions: "Why are we giving aid? Why should we continue to do so in the future?" The forces that have motivated the Canadian people and the Canadian Government in the past to provide international aid are diverse and difficult to weigh. The philanthropic or humanitarian motive has been one of the most important to Canadians. The world-wide efforts of private voluntary agencies, including the churches, make this very clear. But it is difficult to gauge the strength of this motive as a factor in public support for governmental aid programmes which, inevitably, put a great distance between the donor-taxpayer and the ultimate recipient. The sense of participation cannot be very strong. It depends to a large extent on how acutely Canadians are aware of the conditions of poverty found in many parts of the world.

It depends, too, on the kind of satisfaction people get from collective philanthropy. This is most difficult to measure.

Our development-assistance programme receives some support as a vehicle for the sale of Canadian goods and services to developing countries. This assumes that foreign assistance means higher exports, higher employment in Canada and the strengthening of the Canadian position in world markets. But we cannot justify the provision of aid on these grounds alone. Real aid is, by definition, a gift with no expectation of direct economic return. A loan on easy terms has an aid element in it, but it is not aid as such.

If the Canadian economy is fully employed, aid expenditures will not bring about an increase in employment and output. If there is unemployment, there is nothing to indicate that the provision of funds for external aid is a more effective way of stimulating employment than the expenditure of a like amount on other programmes in Canada. But aid expenditures do have an impact on the Canadian economy, in particular industries and particular regions, and Canadian products are better known in the developing countries as a result of our aid programmes.

We are so accustomed to think of the developing countries as hewers of wood and drawers of water that it is difficult for most people to think of them in any other way. For centuries they have been producers of agricultural raw materials, foodstuffs and a few other primary products. It is very difficult for them to develop a modern economy based on these products. Liberalized trade in basic commodities -- even preferential treatment by nations such as Canada -- can make only a very limited contribution to the economies of these countries. It does not help much to have preferential tariffs on products such as natural rubber and coffee, which are produced only in the developing countries and are already imported into developed countries at low levels of duty.

There may be a few cases where preferences for natural products produced in the developing countries over substitutes produced in the more advanced countries would be of some help. The developing countries will be helped most effectively by facilitating their exports of manufactured goods. In these countries the prospects for growth are much improved if they are encouraged to produce at home some of the things they now import. The strengthened economic base this will build will help them to diversify their exports and reduce their dependence on traditional basic commodities, which are subject to sharp fluctuations in price and demand. If this process is to be effective, the developing countries will have to find markets for new products, partly in the developed world and partly in developing nations. In countries such as Canada, this inflow of manufactured and semi-manufactured products may, in some cases, be promoted by lowering tariffs. A good part, however, should come as a result of the evolution and growth of competitive business in the developing world.

We are going to have to accustom ourselves to an increased flow of products into Canada from the developing world. But we should welcome this. While it means stiffer competition, it also means reduced aid expenditures. Aid and trade can be viewed as alternatives, but only in a very long perspective, and it is certain that for many years to come Canada will be increasing rather than reducing its allocation of funds to development assistance.

Some authorities advance a political rationale for aid programmes. This is that provision of funds and assistance, by reducing hunger and misery, has a stabilizing effect in the poorer countries since the people will have fewer issues to fight about. For my part, I find this hard to accept and repugnant in some of its aspects. First, world history makes it abundantly clear that populations kept at or below the subsistence level lack the physical, mental and spiritual strength to organize and carry through effective action, political or violent. Successful revolt, like successful government, calls for effective infrastructure, the kind of thing aid programmes are designed to provide. My second point about this theory raises one of the perennial political problems about development assistance. The assumption that the developed nations' interests are served best by maintaining the status quo through the judicious supply of aid is both arrogant and unfounded. There are countries where one can only hope that in due time the development assistance they receive from us and from others will give to the people the sinews they need to rise and cast aside the cruel weight of unjust and unprincipled government. At the same time, if we have the vision to look ahead decades rather than years, we can see the unrest that rising expectations can breed as a transitional period leading eventually to a stabler and more prosperous world.

Another justification for development-assistance programmes is that they contribute to a sense of national self-esteem and thus to a sense of national unity and identity. Again, this is hard to quantify. I believe it would be difficult to take pride in a country that failed to pull its weight in this field. If we can't take pride in our country, then we cannot have the sense of community and common purpose that is the only healthy foundation for nationhood.

Canada's first efforts in the field of international assistance were devoted to the reconstruction of Britain and Europe after the Second World War. At this time, Canada was second only to the United States as a source of economic assistance to the rest of the world. A major motivation for this activity was probably a sense of indebtedness for the sacrifices Europe had made during the war and a desire to have Europe strengthened to avoid further hostilities over control of its industry and resources.

Our first aid initiative, in the true sense of the term, was a contribution to the United Nations Relief and Works Agency for the relief of refugees in the Middle East. The major motivation behind this was probably the desire to reduce political and social tensions in that area at a time when cold war tensions were rising and when we were still living in the aftermath of the Second World War.

The Colombo Plan, established in 1950, was the first aid programme in which Canada took part in the basic planning. Our motivations were probably varied in nature. We had an interest in helping the newly-independent nations of southern Asia take their place in the Commonwealth and we wanted to help alleviate the grinding poverty found in that part of the world. More practical considerations came into play, the need to reduce the dollar gap by infusing dollars into the sterling area and the need to strengthen Southeast Asia in the face of the threat posed by the outbreak of war in Korea.

The evolution of the Canadian development assistance programme since the early 1950s has followed the momentum and pattern of events in the underdeveloped world. As Britain's colonial empire was dissolved by the granting of constitutions to colonies all over the world, the new nations that came into being were included in the Canadian assistance programme.

In the past three years, a relatively modest technical assistance programme to francophone Africa dating from the early 1960s has been expanded into a major, balanced aid programme like that provided to developing countries of the Commonwealth. The increase in assistance to the francophone African countries makes our aid programme a better reflection of the bilingual and bicultural character of Canada.

In the mid-1960s, a capital-assistance programme for Latin America was set up to supplement the flows of official Canadian financing previously made available to Latin America on commercial terms through the Export Credits Insurance Corporation. The aid funds are administered by the Inter-American Development Bank and have been made available at a rate of \$10 million a year. They now total \$50 million. The whole Canadian programme to Latin America is being subjected to a review of its own to define our objectives and policies toward that continent.

The Canadian development-assistance programme as it now exists had evolved through the years in response to evolving needs and changing Canadian interests. It may be that a re-evaluation in the light of the priorities and objectives of the present time will not lead to any substantial change in the outline and character of the programme. This is a basic question with which the policy review is concerned.

My comments so far have been directed to some of the traditional arguments for the provision of aid to developing countries. These continue to be valid. Now I should like you to look at the question of foreign aid in a slightly different perspective -- one very much in line with the theme of our discussion, "Canada in the global community".

The provision of development assistance can be viewed as an investment in the world of 25 years and more in the future. I don't mean just Canada's investment; I am talking about humanity's investment in the future of life on this planet. It is not a short-term business proposition. Because of the great lapse of time before we may expect significant returns on development expenditures, many people intuitively do what the professional investment analyst does and discount back to the present the benefits of the period 25 years hence - and they do so at some substantial rate, so that the importance of that period approaches zero. In other words, the world in 25 years time becomes irrelevant to the question of how we should allocate our resources now.

Let us look more closely at this discount thesis. Do we really believe it in our own expenditure pattern? I don't think we do. When a five-year-old child starts to school, the period of investment in his education is likely to be about 20 years. The social and economic benefits of this investment will not show up for 20 years or so. If we were to discount this kind of investment, the education of our children would seem to be unprofitable.

The same applies to investment in our own social problems. We have, and are, investing heavily in programmes to benefit the poor people of our own country, particularly by way of education and retraining. None of us, except the most naive, expects immediate results. We are investing in a better Canada years hence.

Similarly, our contributions to programmes for pensions and old-age security are directed to benefits to be derived in the more or less distant future. People under 40 are directing a substantial part of their resources to providing for their needs in the world 25 years hence.

I think I have said enough to indicate that the state of the world of a quarter century from now is not irrelevant to how we allocate our resources today, and our patterns of expenditure in Canada testify to this. Foreign aid is an allocation of today's resources to affect precisely the same period of our lives that educational expenditures, pension contributions and many other social welfare expenditures are designed to affect. In a real sense, therefore, the world of 25 years hence is the most relevant factor in the calculation of the allocation of our resources. It is the time in which our children and grandchildren will have to go into the world to make their living, and the time when most of us hope to enjoy the fruits of our labour over the preceding years.

We must ask, then: "What kind of world do we want our children and grandchildren to work in? And what kind of world do we want to retire in?" The answer to that double-barrelled question should be a determinant as we assess our motivations for foreign aid.

If assistance to developing countries is to be an important factor bearing on the world in which we will be living ten, 20 or 30 years from now, we have to know why the conditions in the developing countries at that time will be so important to us as individual Canadians. The humanitarian feeling will not lessen. I predict, rather, that it will increase as the years go by and we become more and more familiar with the exploding problems of the Third World. This increasing concern will flow from the rapidly developing world communications.

We are all familiar with Marshall McLuhan's conception of the global village. We can no longer ignore what happens in other countries. Tanks roll across our living-room screens, people fall in a hail of gunfire. We see it all happening. We are, in a profoundly emotional sense, very much "there". Campuses burn, statesmen meet, rockets roar off to the moon, and we are "there". So, too, are millions of others. When the American astronauts floated down into the Pacific after their thrilling voyage to the moon, they were watched in the U.S.S.R. and many other parts of the world.

If the problems and human misery in Vietnam or Nigeria impinge upon, and deeply affect, our lives today, then the communications explosion coming in the next 25 years will certainly not allow us to ignore the misery of India, Indonesia, northeast Brazil or of other deprived regions of the world. Television beamed directly into our living-rooms by satellite, more sophisticated electronic news media, greater travel by "jumbo jet", more leisure time to travel -- all these will heighten our awareness of the kind of world community in which we live. And if the youth of today are unhappy with the world we are bequathing to them and what we are doing about it, they will be doubly so in 25 years unless we act and act now. It is no longer a question of standing on the sidelines. We are in the game. This is why we are reviewing our foreign and defence policies so thoroughly. This is why we are taking a long, hard look at the part our foreign-aid expenditures play in our global policy. Just as most wealthy Canadians and Canadian corporations now properly feel that they have a responsibility to help solve some of our domestic, social and environmental problems, as communications push the boundaries of our human community beyond our national boundaries, so must we as a nation increase our contribution to the eradication of poverty on a world-wide basis. The conditions of the world community do, and to an increasing extent will, impinge upon our own ability to enjoy our own lives.

What does all this mean? It means that, because of the development in communications, because of the extension of the community of which the individual Canadian will increasingly feel a part, the strategies of allocation of our resources today, directed towards the world of 25 years hence, must give a significant weight to development assistance. From this perspective, foreign aid is in the same category as our expenditures on education, our pension plans, our regional development expenditures, our family allowance and our private insurance structures. It is designed to affect the conditions under which we will live in 25 years.

We applaud the American space programme for its technological achievements and we know that as Canadians we shall never be in the space race. Our resources, more limited but still very large, can more usefully be put to work elsewhere, seeking solutions to the human problems on this poor spinning planet of ours. Nor are we involved in the arms race. But we can play a significant part in the development race. Indeed, in this race I'd like to see Canada up front, and leading. It's a race that will determine the future history of man.

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