

Mr. Chairman,

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NOTES FOR AN ADDRESS BY
THE SECRETARY OF STATE
FOR EXTERNAL AFFAIRS,
THE HONOURABLE MARK MACGUIGAN,
TO THE SOCIETY FOR
INTERNATIONAL DEVELOPMENT
ON THE OCCASION OF THE
25TH ANNIVERSARY
WORLD CONFERENCE,
BALTIMORE,
JULY 21, 1982

BEYOND CANCUN: CANADIAN
PERSPECTIVES ON THE
NORTH-SOUTH DIALOGUE

Mr. Chairman,

Canada has long supported the Society for International Development. I was therefore particularly pleased to welcome its subsidiary body, the North-South Round Table, to Ottawa in the fall of 1980 and to participate in your discussions at that time. Today, I am honoured to be invited to celebrate with you the twenty-fifth anniversary of your Society.

The Society for International Development has a distinguished history. The frank and informal exchanges it has fostered among such a diverse group of people have made an important contribution to international development. Such exchanges are increasingly vital in the current global context. They can lead to increased understanding and the generation of fresh and innovative ideas which can hopefully attract the support of the international community as a whole. Our discussions can also stimulate real public involvement in each of our own countries - perhaps an even more significant catalyst for international cooperation.

Certainly these efforts are deserving of our full support. Canada has, therefore, placed importance on its contributions to SID activities and, in the current year, will be providing close to \$150,000.

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Mr. Chairman, I do not intend to rehearse today the lengthy litany of world economic problems. Nor do I wish to dwell upon the gravity of the current economic situation. It is, unfortunately, all too evident to everyone here. Rather, I would like to focus on a Canadian perspective of the North-South dialogue, the role we seek to play and why, and finally where we can go from here - nine months after Cancun. I propose to begin by outlining the underlying principles that guide Canada's approach to North-South issues.

Speaking as the Foreign Minister of my country, I have no hesitation in saying that Canada's national self-interest is the major determinant of our foreign policy. We are involved in the North-South dialogue - and will continue to be so - precisely because we believe it is important for our self-interest. In my view, however, national self-interest cannot be defined narrowly and parochially. It must be viewed both broadly and over the long term.

For Canada is faced with some inescapable realities. Geography has given us, as our immediate neighbour, the most powerful nation in the world. It has been said that when the United States catches a cold, Canada contracts

pneumonia. Having only one-tenth the population of the United States, Canada has therefore tended to look to universally agreed "rules of the game" to help put us on a more equal footing when conflicts of interest occur.

Our geography has additional consequences. Without any other close neighbours geographically, we do not fall naturally into any regional grouping. Regional associations that discriminate against non-regional partners thus can have a greater negative impact on Canada than on other nations. While supportive of efforts for regional cooperation, therefore, we have continued to emphasize global solutions to the problems of international economic relations.

We also have a relatively small population and hence a small domestic market. We are thus heavily dependent on trade for our economic growth. In fact, about 30% of our GNP is dependent on exports, compared to 12% for the United States. Of the major industrialized countries represented at the annual economic Summits, none is more dependent than Canada on the trade dimension for economic growth. Just to illustrate, it is estimated that more than 2 million Canadians are directly involved in the production of goods for export - that is about 20% of our total work force. Our major export industries are also our most efficient producers. They command the best prospects for future growth and, most significantly, for the generation of profitable jobs for Canadians.

Such basic interests have led over the years to consistent Canadian attempts to "multilateralize" our economic relationships. Leaders such as Louis St. Laurent and Lester Pearson were keenly aware that our long-term interests were best served through the development of international institutions that would balance the influence of the great powers and contribute to a broader stability in the world. Canada, like our partners, clearly benefits from an economic system that promotes global and non-discriminatory approaches and commands the support of all major players.

Mr. Chairman, it is precisely our stake in an open and stable international economic system that has driven home to us the importance of encouraging fuller participation of developing countries in that system. We welcome their input in creating a system more responsive to their needs. I do not believe it can be in anyone's self-interest to deny fundamental economic justice to vast numbers of peoples when we know that the perception of justice denied has so often led to international conflict and violence. Like justice, the system must not only be

fair; it must also be seen to be fair if it is to function effectively.

In the light of these national interests, the Canadian Government has elaborated two underlying principles to govern our approach to North-South issues. The first is the Canadian commitment to social justice. In a shrinking world, we have had to broaden the definition of who is our "neighbour". With 800 million people living in absolute poverty, we cannot turn a blind eye to the plight of others, regardless of national boundaries or the ideologies that may divide us. Canadians have come to expect that a moral dimension be reflected in their country's foreign policy. Thus one of the well-springs of Canada's development assistance program is a straightforwardly humanitarian concern for the welfare of the poorest and the dispossessed on "spaceship earth".

But it is not simply a question of social justice. We have come to realize that, in an increasingly interdependent world, it is in the mutual self-interest of all nations to ensure that the problems of developing countries are effectively addressed. This is the second of our two guiding principles.

I do not need to elaborate before this group the extent of global economic interdependence. All of us in this room are only too conscious of the importance of developing countries to Western economies as well as, of course, the inverse. Even for the United States, whose economy has essentially been driven by domestic rather than international markets, the acceleration of interdependence among nations for goods and services has had the effect of eroding the relative isolation of the US economy. By 1979, in fact, one American worker in 20 was employed in production of exports destined specifically for the Third World.

Interdependence is thus no longer an option - even for a superpower such as the United States - and that is why I was particularly disappointed by the American decision not to sign the Law of the Sea Treaty. Interdependence is in fact a condition of international life today. The challenge for all Governments - now more than ever - is therefore to summon the courage and wisdom to avoid short-sighted assertions of national interest which have a "beggar thy neighbour" effect.

As a Member of Parliament for a riding which depends upon automotive production, however, I can well appreciate the real dilemmas involved. The mutual gains

that trade can have for developed and developing countries are not always evident to the unemployed automotive or textile worker, although they can be very obvious for a higher-paid worker producing aircraft or high technology products for export. But in these days of severe global economic difficulties, a return to the attitudes and policies of half a century ago would serve none of us well.

It is for these fundamental reasons that Canada has been concerned not only to enhance the development prospects of developing countries and strengthen the functioning of international institutions, but also to play an active role in the negotiation of the whole range of issues that constitute the North-South dialogue. And I believe Canada has a unique role to play.

Our economy is at once industrialized and resource-based; sophisticated, yet in some ways underdeveloped. Thus we share many of the perspectives of our industrialized partners. At the same time, our position as a major exporter of raw materials and net importer of capital and technology is similar to the situation of many developing countries. Canada has been characterized both as the world's smallest industrialized country and as its largest developing country. Appreciating the real concerns and interests of both groups, Canada has thus often found itself playing an "honest broker" role in multilateral negotiations. We have consistently sought to stimulate movement and to conciliate the conflicting views of industrialized and developing countries.

Our capacity to play this "bridge-building" role between countries of the North and South has also been enhanced by our political ties. We are a member of the industrialized West with strong ties to the United States, Europe, and Japan. We participate in the annual Economic Summits of the major industrialized countries. Yet we are a middle power with membership in the OECD and the "Likeminded" group of Western nations which share common concerns about developments in the Third World.

We also have ties to developing countries in all parts of the world. Given our lack of a colonialist past and of geo-political ambitions, developing countries are sometimes less suspicious of Canadian motives than they may be of those of some other industrialized countries. Moreover, a number of associations, particularly the Commonwealth and La Francophonie, have provided us with unique windows on the concerns of developing countries.

Finally, there is the impact that a distinctive international role has had on Canada's sense of itself. In a widely diverse country with strong regional identifications, and with a bilingual and multicultural society, I firmly believe that a strong international presence has in fact helped solidify a national Canadian identity and self-perception in a global context.

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I should like to turn now from my perception of Canada's role in the North-South dialogue to the international scene today. When the Round Table met in Ottawa in 1980, we were looking forward to 1981 as the "Year of the Summits". At the Ottawa Summit of the Seven major industrialized countries, North-South issues were high on the agenda. At the Commonwealth Heads of Government Meeting and the Cancun Summit last autumn, these questions were pre-eminent. Most recently at Versailles, these issues were again addressed.

In the late 1970s one repeatedly heard the complaint that negotiations languished for lack of political will. In the early 1980s, these issues were repeatedly discussed at the highest political level. What impact have these meetings made? What was accomplished?

I would certainly not claim that all the world's economic woes have been grappled with since we last met. No one meeting - or even series of meetings - could be expected to do so. Certainly, Cancun was never designed to be a decision-making or negotiating Conference. It is also difficult to assess with any certainty the specific impact of one meeting or another on the ultimate course of world events - and certainly the seeming lack of follow-through, and indeed the apparent setbacks which Summits at times suffer, naturally give rise to questions.

I remain convinced, however, of the ultimate utility of the Summit process. Summits make three major contributions in my view: the personal impact on leaders; the opportunity for a review of governmental priorities; and the provision of renewed momentum to ongoing negotiations.

Least quantifiable, but possibly most important, is the effect of Summit discussions on individual participants. At Cancun, for example I was particularly struck by the frankness of the discussions. Leaders who otherwise might seldom be directly challenged found themselves vigorously defending their positions before others holding very different views. To the extent that Heads of State draw from this experience a better

appreciation of the concerns of others, an altered sense of priorities, and a heightened feeling of urgency, the Summits will have achieved - and will continue to achieve - a great deal.

One of the prerequisites to real movement on North-South issues is, of course, the acknowledgement of interdependence. At the meetings I attended, there was, I thought, a growing and genuine recognition on all sides that domestic economic problems cannot be resolved in isolation from the economic difficulties of others. Despite obvious pressures to the contrary in this difficult period, I believe that this perception will - and must prevail. As John Donne wrote in the seventeenth century "No man is an island, entire of itself". Neither is any country.

If the art of governing is the juggling of priorities, then the process of Summits has also been a significant tool in moving North-South issues to the forefront of Governments' attention. Preparations for meetings involving Heads of State or Government encourage those Governments to reassess their policies in relation to the issues expected at the Summit. While such periodic attention might conceivably occur in any event, the imminence of Summit deadlines - to paraphrase Dr. Johnson on hanging - certainly has the effect of concentrating minds most wonderfully.

Impetus to on-going negotiations is the third potential contribution of Summit meetings - but perhaps the most difficult to judge. Certainly in my view, there have been achievements in this regard. The Ottawa Summit, for example, emphasized priorities which were then effectively pursued at the UN Conference on New and Renewable Sources of Energy and at that on the Least Developed.

Many of you, however, may pin your ultimate assessment of summitry on its effect on efforts to launch Global Negotiations. I can indeed testify that this issue, more than any other, has dominated the North-South agenda - both bilaterally and multilaterally - over the past year.

I need not rehearse the long negotiating history of this initiative since it was first proposed in the autumn of 1979. It has perhaps been one of the most difficult - and certainly most frustrating - experiences for countries interested in advancing North-South discussions. In the past year the international community has moved slowly - if not always too surely - to a point where, in Canada's view, compromise was, and is, ripe.

On balance, - and whatever the outcome - I believe that the contribution of the Summits over the past year to this process must be seen as positive. In my view, they commanded a priority for the issue in the absence of which the idea of Global Negotiations might well have died a quiet death in New York long ago. More specifically, and as you are all aware, one major country with serious reservations about the exercise was encouraged to move from readiness in Ottawa "to participate in preparations for a mutually acceptable process of global negotiations in circumstances offering the prospect of meaningful progress", to support at Cancun for the search for a consensus to launch Global Negotiations "with a sense of urgency", and finally to approval of Global Negotiations at Versailles "as a major political objective". This indeed was movement - and movement generated by the process of Summitry.

At Versailles, moreover, I was delighted that the seven major industrialized countries proved able to accept the Group of 77 text of last March as the basis for negotiation of an enabling resolution to allow Global Negotiations to begin. I felt this acceptance, in particular, constituted an important movement. With this, I hoped it would be possible by the summer to resolve at last the procedural issue of launching Global Negotiations that has plagued the North-South dialogue for so long, and to begin - finally - to focus on tackling the substantive problems involved.

Based on the Versailles consultations, Canada was asked to put forward in New York some relatively minor amendments to the Group of 77 text. During the last three weeks of June, we pursued an intensive series of negotiations with the Group of 77 leadership. Unfortunately, however, final agreement could not be reached in the time available. A delay caused by the need to clarify the status of the Versailles amendments may have contributed in part to a dissipation of the negotiating momentum. But I was particularly disappointed that the Group of 77 as a whole could not agree at that time to the proposed changes; I understand the majority of developing countries would have been prepared to do so.

I would therefore like to take this opportunity to appeal once again to the Group of 77 to reconsider its position. Surely our common objective must be to get Global Negotiations launched - and to get them launched soon. Surely we must question the utility of a seemingly endless word-game. The text presented in June is very largely the one put forward by the Group of 77 in March. It has been approved at the highest political levels in Summit countries and is supported by all developed countries as a reasonable

basis to allow Global Negotiations to proceed. I can only hope, therefore, that the Group of 77 will reflect on it further in this light. I urge them to grasp the opportunity it represents lest the moment for decision - and perhaps a golden opportunity - be allowed to slip through our hands. As Shakespeare put it "there is a tide in the affairs of men which, taken at the flood, leads on to fortune; omitted, all the voyage of their life is bound in shallows and in miseries. On such a full sea are we now afloat, and we must take the current when it serves or lose our ventures".

For if agreement is not reached soon, then members of the international community will begin increasingly - and naturally - to concentrate on other available means for pursuing the dialogue - such as, for example, intensifying the preparations for the Sixth Conference of UNCTAD to be held in Belgrade next spring. In fact this may already be beginning to happen. For although the concept of Global Negotiations continues to offer the prospect of an experimental and innovative process of dialogue, we must always remember that a "process" is precisely that: a means of achieving movement on the vital - and more important - issues of substance.

However - and this, for me, is essentially more worrying - the economic environment for movement on substance is not encouraging. There has been no turn-around in the deep economic recession we are collectively facing. Inflation, unemployment, budgetary deficits and interest rates all remain high - with pernicious economic and social effects. In response to anxious and often angry publics, many Governments are increasingly focussing their attention on putting their own houses in order.

As a consequence, funds available for concessional assistance are in fact - and regrettably - declining. Total Official Development Assistance from the OECD countries actually fell by 4% in real terms in 1981 and the average ODA as a percentage of GNP fell from .38 to .35. Amounts available from capital surplus OPEC countries have similarly dropped in the past two years. This means problems in funding current international programs and real difficulty in finding money for new initiatives.

Canada does remain committed to reaching a target of .5 percent of GNP by 1985, and to make our best efforts to reach .7 percent by 1990. But we too will have difficulty finding substantial new sums of money to support international initiatives that we may regard as important and desirable.

The difficulties in generating substantial additional aid flows notwithstanding, however, international economic cooperation will continue to be critical. If prospects for the industrialized world are poor, for the populations of the developing world it is a matter of survival. The economic difficulties of the times, indeed, argue not for less action but for more.

Basic to our efforts must be the elimination of hunger and malnutrition. But what is the key to these efforts? Projections suggest that the physical and technological constraints to feeding an expanding world population are not insurmountable. It is rather a question of political direction. Developing countries themselves must make special efforts to increase domestic food production and to ensure adequate storage and distribution. I am heartened in this regard by the progress being made on food sector strategies including the support that is being given to them by the international community. For Canada's part, we are allocating over 40 percent of our official development assistance - more than five billion dollars over five years - to the food and agricultural sector.

Energy exploration and development in oil-importing developing countries also continue to be of key importance. Canada has made this a priority sector in its bilateral development assistance. Similarly, Petro-Canada International, with initial funding of \$250 million to provide assistance for oil and gas exploration in developing countries, is now operational. Exploration projects will commence this year in Tanzania, Jamaica and Senegal and are under consideration for a number of other countries. On the multilateral level, while the idea of a World Bank Energy Affiliate now appears unlikely to go ahead, we will continue to seek other methods to advance the aim of increased energy lending.

A healthy international trading system is also vital to prospects for economic growth and development in developed and developing countries alike. The GATT Ministerial in November will provide a major opportunity to address current problems in trade and to set a trade agenda for the 1980's. We hope that issues of concern to developing countries can be addressed in ways that strengthen and make more relevant the international trading system as a whole. In this regard, it is time for the newly industrializing countries to accept more obligations under the GATT and to make a contribution to the international trading framework commensurate with their stake in the system.

Closely related, of course, is the effective functioning of the international monetary and financial system. We look to the annual IMF/IBRD Meeting to be held in Toronto in just over a month's time to commence consideration of an increase in the quotas of the IMF and to advance the process of solving the worrying financial difficulties of the International Development Association. Like many other countries, Canada has been increasingly concerned that the IDA will not have sufficient funds to achieve its objectives. This is particularly distressing since it focuses on the world's poorest countries, many of whom have few alternatives. Canada has, therefore, proposed a special account for IDA. Such an account, while seeking to maintain the traditional IDA burden-sharing arrangements, would give donors other than the United States a means of responding to the urgent needs felt by IDA recipients for the whole period before IDA VII begins. I hasten to add that contributions to the special account would be additional to the obligations under IDA VI, which Canada fully intends to meet.

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Mr. Chairman, the North-South dialogue will be with us in one form or another for many years to come. The need to encourage the development of the developing countries, both for humanitarian and economic reasons, will not disappear. Although the world is going through a difficult period, the acceptance of global interdependence by world leaders has been a major accomplishment. The challenge before us, therefore, is to translate this acceptance into concrete action. Canada certainly intends to continue playing its full part. But sustained efforts will be needed from all of us concerned with North-South relations in the coming years. I would therefore urge this group not to be discouraged. Governments need your support and your ideas if we are to move ahead, and if we are to create a better world for ourselves and our children. And if we do not hang together, then most assuredly we will hang separately. In my view, therefore, Mr. Chairman, there simply is no other choice. Thank you.