



Statements and Speeches

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STRATEGY FOR INTERNATIONAL DEVELOPMENT -- 1975-80

A Statement to the Diplomatic Corps by the Honourable Allan J. MacEachen, Secretary of State for External Affairs and Minister Responsible for International Development, Ottawa, September 2, 1975.

...Allow me, first, to thank you for attending this unveiling of Canada's new strategy for international co-operation. As you know, it is somewhat unusual in Ottawa for the Government to invite the heads of diplomatic missions or their representatives to the Pearson Building to receive officially a policy document and to be briefed on it. We are far from secretive about our activities, especially in the field of international affairs; but we generally rely on more informal contacts to convey to you and to your authorities the substance of Canada's foreign policy as it unfolds, under the pressure of changing needs and expectations in this country and abroad. Similarly, we are usually able to deal with the very large number of bilateral issues that arise between Canada and each of your countries without resorting to the formal instruments of diplomacy.

During my first year in this portfolio, I have had the pleasure to meet, privately or socially, most of you; but only on rare occasions have I felt the need to call in an ambassador and, reciprocally, have your governments deemed it necessary to convey directly their views to the Secretary of State for External Affairs. The channels of communication are open, information is readily exchanged at all levels, differences are smoothed out, by and large, before they become contentious. These are the facts of diplomatic life in Ottawa; and these facts are a tribute to the effectiveness of your missions and of the various bureaus in the Department of External Affairs.

Therefore, if we have invited you here this afternoon, it is not only so that you may take cognizance, and apprise your governments as swiftly and thoroughly as possible, of the new strategy that CIDA and other government agencies will strive to implement in the next five years; it is rather to emphasize the importance, indeed the very high priority, that the Government of Canada attaches to its international development policy. It is for the same reason that we have chosen to make this policy document public on the opening day of the seventh special session of the United Nations General Assembly, convened precisely to deal with the nexus of development

issues and problems that, in my view, will remain the major challenge faced by the international community during the last quarter of this century.

Diplomats have become somewhat immune to catchwords, slogans and slick phrases; I shall, accordingly, be restrained in qualifying the policy document you have before you.

I shall not call it a radically new departure, although it unquestionably inserts Canadian development assistance in a novel and wider perspective and contains a number of proposals whose potential implications for reducing the economic and social disparities between the peoples of the world could be quite radical, were they to be implemented with the active co-operation of other countries, both developed and developing. May I mention, for example, our intention to develop new forms of co-operation with developing countries now deriving substantial earnings from raw material exports and to engage in tripartite or multipartite development co-operation with countries at varying stages of development. But I could claim, with some justification I think, that a radical departure was not really needed, given Canada's historical record in the field of development assistance.

Similarly, I shall resist the temptation to call this document an agonizing reappraisal of Canada's international development policy, although I can assure you that the Cabinet, as well as CIDA and other departments involved, went through quite a bit of soul-searching -- and some agony -- as they progressed from one draft to another. It was not the easiest of policy reviews, being undertaken at a time when the world economy plunged into its worst recession in more than 30 years, suffered through the worst bout of inflation since the Twenties and struggled to overcome the trauma of quite unprecedented increases in energy costs. From one draft to the next, we had to beware of a new set of myopic -- and therefore excessively pessimistic -- predictions about the world's economic future. From one month to the next, we were bombarded with new facts -- yet another formulation of the rising expectations of developing countries, yet another twist in the response of industrialized countries. All this while, negotiators were attempting to establish a new international monetary framework and to launch the third postwar reform of the international trading system.

In the final analysis, we have felt that a cautious optimism was justified. We have banked on a resumption of growth, on more comprehensive and international co-operation, on increases in resource

transfers from rich to poor countries, on gradual reforms of world economic institutions, deliberately introduced to bridge the gap and redress the balance between one group and the other. In matter of details, we expect some of our assumptions to be superseded by events. Consequently, in unveiling this international development strategy, we are not laying down the tablets of the law, come what may in the next five years. CIDA experts and other Government officials will continue to monitor the world situation, be it with respect to food production, terms of trade, industrialization, or foreign-exchange earnings and indebtedness. The Cabinet will stand ready to alter, even as early as 1976, the thrust of Canada's international development policy, if new circumstances warrant it.

For this policy document was not conceived in a vacuum. As you will know, it has been in the works for quite some time; its drafting has been enlightened by a wide-ranging debate on developing assistance; and a number of recent Canadian initiatives have been influenced by these strategic orientations even before these were made public. For example, coming after the pledges we made to the Rome Food Conference and Canada's growing involvement in renewed international efforts to dispel, once and for all, the threat of famine in the world, the emphasis we intend to place in the next five years on food production and rural development will not come as a surprise to you; but this should not detract from its significance.

I turn now to other features of the new strategy. In international development as in other fields, the attraction of novelty is such that the elements of continuity, in a policy review such as this, tend to be taken for granted. Yet what is retained of past policies is often at least as important as what is changed or added to these. Consequently, I thought it appropriate to point out that the Canadian Government remains committed to the United Nations target for official development assistance of 0.7 per cent of the gross national product and to reach this goal through gradual increases in annual appropriations. Secondly, the terms of Canadian assistance will retain in the future the very high degree of "concessionality" that has become, to a very real extent, the trade-mark of Canada in this field. At a time when some donors, faced with economic difficulties that Canadians also experience, are curbing their aid programs and shifting towards more commercially-attractive forms of assistance, these renewed commitments, I should think, are worthy of some notice. I also draw your attention to the continuing Canadian support that is pledged in the document for regional co-operation among developing countries, as well as research institutions and programs focusing on major development issues and programs. Similarly, we have decided not only to maintain but to increase the substantial food-aid component in our development-assistance effort and to bear the

commercial costs that this decision entails at a time when most foodstuffs are in short supply; and we have allowed for a gradual increase in Canadian assistance through multilateral institutions -- in effect, the component in our program that is completely untied to Canadian procurements.

Before drawing attention to some of the specific innovations put forward in the document, I should like to emphasize the two pervasive themes that run through it and that, as they are put into practice in coming years, will really give a "new look" to Canada's international development policy; one is "multidimensionality", the other is flexibility.

In deciding to rely in the future on multiple instruments to accelerate international development, the Government is attempting, in effect, to end the "splendid isolation" that has tended to characterize the development-assistance program, within the spectrum of international economic policies, and the consequent reduction of Canada's international development policy to its aid program. In other words, the Canadian perspective on world development is being widened. While continuing to attach a high priority to the volume, quality and effectiveness of development assistance, the Government intends to introduce, more systematically and more forcefully, developmental considerations in policy planning in other fields, such as trade and monetary reform, domestic and international investment and transfers of technology. Perhaps I should caution you against too great expectations on this score. Canadian interests have always loomed large and will continue to loom large in the shaping of this wider range of economic policies. A more coherent effort will be made, in the future, to reconcile Canadian interests with the interests of the developing world. In my view, the scope for such reconciliation is much greater than is often realized; but the extent to which we shall succeed will depend on the co-operation of developing countries, their flexibility, their willingness to negotiate transitional measures -- in effect, to engage to some extent in joint development planning with industrialized countries such as Canada.

As the document states: "Movement towards the use of non-aid instruments establishes a direction of overall change that will take several years to implement fully. The first steps of what may be called a 'multidimensional approach' would be necessarily investigative and exploratory, given the need to assess carefully the impact of all initiatives on the Canadian economy and to plan where necessary compensatory measures. These first steps eventually will lead to specific policy recommendations."

In fact, the Government has already moved beyond the exploratory stage. Following the initial studies of the Interdepartmental Committee on Economic Relations with Developing Countries, established at the end of 1974, we have defined a number of positions that, if they were found acceptable by other countries, would give substance to our new multidimensional approach to international development. I shall have more to say on this score tomorrow in New York, during my intervention at the seventh special session of the United Nations General Assembly.

The other pervasive theme of the new strategy -- flexibility -- is a necessary corollary of the first one; it is also a necessary response to recent changes in the world's economic structure. One of the paradoxes of our times is that, while developing countries have managed to achieve in recent years a much more effective degree of political solidarity within international institutions, the dynamics of the world economy have revealed, sometimes glaringly, significant material differences and discrepancies among them. Some developing countries are fantastically rich in natural resources; others are almost completely bereft of them. Some have a considerable agricultural potential or are surrounded with seas teeming with marine life, while the territory of others is land-locked or covers mostly arid lands. Climate, topography, culture, political traditions, literacy, public health, technology, initial capital, "resource mix" -- all these factors make the permutations of the developmental equation almost infinite. It follows that international development policies will have to be much more flexible in the future if they are to be more effective; and, hence, the intent of the new Canadian strategy is to ensure that each development program or project will be tailored to the specific needs of each recipient country.

Naturally, this flexibility will be exercised within a general framework -- one whose "parameters" will be more explicit, perhaps, than in the past. Thus there has never been much room, in the Canadian assistance program, for the "frills" of development, as evidenced by the considerable investments we have made in social infrastructure such as roads, hydro-electric or irrigation projects. Yet we have deemed it useful to restate our basic priorities: food production and rural development, energy, basic education and training, public health, demography, shelter -- in other words, the most crucial, and also the most intractable, problems of international development. Similarly, you are all aware that the world-wide economic difficulties of recent years have inflicted inordinate hardships upon precisely those countries least able to cope with them, so that our commitment to direct the bulk of our resources and expertise to the poorest countries should surprise no one and be supported by all. Again, to achieve greater flexibility as well as to

add to the developmental impact of our assistance, we shall untie partially bilateral loans by allowing developing countries to compete for contracts and by selectively seeking procurement in other donor countries when this practice will bring demonstrable and significant benefits. Finally, we have become increasingly aware that the pattern of bilateral assistance in past decades -- the often unco-ordinated "sprinkling" of both financial and technical resources on a large number of recipient countries by most donors -- has been somewhat ineffective. It should surprise no one, therefore, that Canada has decided to concentrate its assistance on a limited number of countries to achieve a greater geographic concentration of its programs -- and thus greater efficiency.

But, lest some of you be concerned about impending cut-backs to existing bilateral programs, I hasten to add that these new guidelines will be implemented with the flexibility that pervades the new strategy, and that all present commitments will be honoured. Indeed, too sharp a break with current practices would defeat the essential purpose of this policy review. Interdependence, after all, is not limited to relations between developed and developing countries; and the poorest countries of the world would hardly be better off if too brutal a shift of Canadian assistance from their slightly more affluent neighbours were to weaken the latter's ability to contribute to overall development through regional trade and co-operation.

Consequently, I invite all of our partners in international development to read this policy document carefully and to discuss in coming weeks its long-range implications for their countries with the appropriate officials in CIDA and External Affairs. I should add that we should also welcome discussions with other donor countries on the new strategy's basic orientations and implementation, as well as on the more general problem of co-ordinating bilateral assistance programs.

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