



# STATEMENTS AND SPEECHES

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## PRINCIPLES AND PURPOSES OF FOREIGN AID

An Address by the Honourable Paul Martin, Secretary of State for External Affairs, to the Memorial Assembly at Macdonald College, Ste Anne de Bellevue, Quebec, February 9, 1965.

I am honoured by your invitation to follow a series of such eminent and distinguished speakers in giving this annual memorial address.

Increasingly, over the past several years, it has become clear that the major challenge that is facing our generation is that of economic under-development which is a condition in which some two-thirds of the inhabitants of this planet find themselves. So long as this condition persists; so long as millions upon millions of human beings continue to be exposed to poverty, hunger and endemic disease; so long as the natural aspirations of newly emergent nations for a better life for their peoples remain circumscribed by a lack of resources and a lack of skills; so long as the world remains so unequally divided into areas of affluence and areas of indigence, there cannot be any expectation of true international peace and stability.

Because the problem of under-development is one which has implications far beyond the areas where under-development is prevalent, the means of meeting and overcoming that problem must be international in scope. Foreign aid is one of the most important avenues of approach to the problem of under-development and it is to the purposes and principles of foreign aid that I should like to address myself this evening.

I think it is fair to say that there has been broad and generous support among all segments of the Canadian people for the principle of foreign aid. Here and there, nevertheless, the query is raised whether charity should not rightly begin at home. It is not an unreasonable query and it is certainly one to which an answer cannot be left in abeyance.

The answer hinges to some extent on the definition which we give to the term charity. I suppose the most common usage we make of the term is in the sense of "helping the helpless". In that definition, however, charity has little in common with the purpose of foreign aid, which is to provide the conditions in which the developing countries are enabled to help themselves. We do not assume that the developing countries are helpless.

Nor is that assumption shared by these countries themselves. They recognize that the major responsibility for bringing their economies to the stage of self-sustaining growth must be theirs. All they ask is that the international community co-operate with them in sustaining the efforts they themselves are making and in providing the climate and conditions in which they can mobilize their own resources to the most beneficial effect.

Still, it is arguable that foreign aid does involve the use of national resources -- in our case, Canadian resources -- and that these resources might be used, as a matter of first priority, to combat poverty at home before they are directed to combat poverty abroad. This is an argument which we cannot dismiss lightly, particularly when we have in mind the findings of some recent surveys into the persistence of poverty in our own country.

How do we reconcile the persistence of poverty in Canada with the provision of foreign aid? There are those who would argue that poverty is a relative concept. They would say that in any community in which there are substantial disparities of living standards those at the bottom of the scale have a claim to be regarded as falling within the poverty range. In one recent survey, for example, destitution -- that is to say, the lowest rung of the ladder of poverty -- is defined in terms of a per capita income of \$1,000 or less. If we were to take this as some sort of absolute standard, we would have to conclude that, in 1960, fifty-four countries with an aggregate population of some 1,548,000,000 or roughly 80 per cent of the total population of the free world were destitute.

When we come to consider the so-called developing countries, we find that their per capita in 1960 averaged \$130. This represented an advance of a mere \$25 over the average per capita income recorded in these countries in 1950. Over the same period the advanced countries of the free world, taken collectively, increased their per capita income from \$1,080 to \$1,410. What this means is that, over the decade as a whole, the gap in living standards between the advanced countries and the developing countries widened not only in absolute terms -- as might be expected -- but also in relative terms.

Of course, these are aggregate figures and they do not always tell the whole story. One part of the story which they do not tell is the rising pressure of population and the impact this has had on the whole development process. For it is worth keeping in mind that in many developing countries this pressure of population has been such that the progress made in increasing the volume of output of goods and services is barely enough to yield any improvement in living standards whatsoever.

As I said at the outset, this line of argument is one based on the relativity of poverty. It has an element of validity but it also has serious limitations. Poverty cannot be measured solely in terms of per capita income. Such a standard of measurement does not, for example, take account of what constitutes minimum levels of subsistence in different climatic conditions. Above all, it does not attempt to measure the social impact of poverty in a general environment of affluence, which is the situation we confront in Canada and other advanced countries and which is bound to make the eradication of poverty a priority objective of Government policy.

I should therefore like to rest the case for foreign aid essentially on the argument which I would put as follows. In the scale of things Canada is an affluent country. While per capita income may not be the only reliable indicator of a country's affluence, the fact remains that Canada is the country with the second highest per capita income in the world. As such, there can be no doubt that we have the resources both to cope with the problem of poverty in our midst and to play our appropriate part in a co-operative international approach to the problem of mitigating poverty in the developing countries. That argument seems to me an over-riding one if we believe that foreign aid is right as a matter of principle. It is to this aspect of the question of foreign aid that I should now like to turn.

The motives behind any foreign aid programme are likely to be mixed. These programmes have evolved pragmatically and the world setting in which they have evolved has itself been changing with unprecedented rapidity. Foreign aid is today part of the established pattern of international relations and it is likely to remain so in the foreseeable future. Nevertheless, there is merit, I think, in our stepping back from time to time to review the motives that have actuated our Canadian foreign aid programme and to consider afresh the purposes which we would expect it to serve.

For my own part, I have no hesitation in saying that I regard humanitarian considerations to be foremost in the minds of those who have supported and sustained the principle of Canadian aid to the developing countries. The humanitarian approach to foreign aid is itself compounded of a number of factors which defy separate analysis. In essence I would say it rests upon the recognition that, as flagrant disparities in human wealth and human welfare are no longer morally acceptable within a single community, whether it be local or national, the same principle is applicable to the larger world community. And as we have devised various mechanisms for transferring part of the wealth of the community to those segments which cannot rely on the laws of the market alone for their fair share, so foreign aid can be made to serve the same ends in a wider international framework. The validity of this approach to foreign aid was recognized in the Report of the Royal Commission on Canada's Economic Prospects, of which the present Minister of Finance, the Honourable Walter Gordon, was Chairman. As that report -- published some seven years ago -- put it,

"... in a shrunken world the idea of humanity must have wider practical relevance. It may gradually become as unacceptable to the conscience of the West as it is now to the aspirations of the under-developed countries that there should be such gross disparities in human welfare throughout the world. In a remarkably short time the notion that such disparities cannot be tolerated within a single state has been accepted in almost all Western countries. To apply that principle throughout the world will be a much longer and harder task. But the issue has been raised and can hardly be wished away -- even if Canadians were so disposed, which we do not for a moment believe."

I am sure the Commission were right in anticipating that that would not be the reaction of Canadians. In fact, the very contrary has occurred. As Canadians have expanded the range of their travel, as they have learned more, through their reading and through the public information media, about conditions in the developing countries, they have wanted to go beyond what is being done in this field by the Canadian Government through the use of public funds. And today an increasing number of Canadians, as individuals or through organizations formed for this purpose, are involving themselves in Canada's foreign aid programme. That this expanding degree of participation by Canadians owes its inspiration essentially to human, if not humanitarian, considerations, of that, I think, there can be no doubt.

The fact that foreign aid is morally the right course to follow is not inconsistent with its being justifiable on more pragmatic grounds. I remember Barbara Ward putting the point as follows in her inaugural contribution to the Massey Lectures some years ago:

"To me, one of the most vivid proofs that there is a moral governance in the universe is the fact that when men or governments work intelligently and far-sightedly for the good of others, they achieve their own prosperity too.... 'Honesty is the best policy' used to be said in Victorian times. I would go further. I would say that generosity is the best policy and that expansion of opportunity sought for the sake of others ends by bringing well-being and expansion to oneself. The dice are not hopelessly loaded against us. Our morals and our interests -- seen in true perspective -- do not pull apart."

In almost all countries today it is accepted that the maintenance of high levels of production and employment depends on the existence of adequate demand. Indeed, we are spending vast sums of money each year to stimulate demand by means of advertising and in other ways. At the same time, there are millions upon millions of disenfranchised consumers in the developing regions of the world whose potential demand upon our productive facilities remains to be unlocked. Surely, then, it is in our common interest -- that is to say, in the common interest of the advanced countries and the developing countries -- to enable these countries to make their proper contribution to the world's wealth and to participate more fully in world trade. Admittedly this is a long-range objective of foreign aid but it is one which, I think, we cannot with impunity afford to ignore. It is an objective of particular relevance to a country like Canada which, as one of the major trading countries of the world, has a vested interest in expanding world trade.

The economic benefits of foreign aid are not, however, limited to the longer term. We in Canada have followed the practice of providing aid largely in the form of Canadian goods and Canadian services. I am aware that this practice -- which most other donor countries have also followed -- has met with some degree of criticism. So long, however, as we continue to provide the developing countries with goods and services which Canada can supply on an internationally competitive basis, I think a good case can be made for a country like Canada to provide its aid in that way. The advantages as I see them, are fourfold:

First, the resources allocated to foreign aid serve directly to stimulate the growth of our economy by contributing to the level of production, exports and employment.

Second, the provision of foreign aid enables Canadian producers, engineers and educators to gain valuable experience and Canadian products and skills to become known in new areas.

Third, in the process of providing foreign aid the horizons of Canadians are enlarged and Canada's image abroad is more clearly projected.

Fourth, the use of Canadian goods and services gives Canadians a stake in foreign aid which, I am sure, has helped to enlist and maintain public support in Canada for an expanding foreign aid programme.

If the ultimate effect of foreign aid is intended to be economic, its political significance can hardly be overstated. For we must remember that foreign aid is being injected into countries and societies which are, without exception, caught up in a tremendous process of transformation. Many of these countries have only recently attained their independence. More often than not, independence has accelerated the pressure for change and has heightened impatience with the pace at which it is proving possible to mobilize the resources and the skills that are required to achieve progress on the social and economic front. This is what is sometimes referred to as "the revolution of rising expectations" and it is being fed by knowledge of the vast potential benefits that science and technology have to offer to twentieth century man. The newly independent countries are determined to break out of the vicious circle of poverty and disease and illiteracy into this modern technological society. They are not prepared indefinitely to tolerate conditions in which the rich are growing richer and the poor are staying poor. They recognize that change cannot come overnight but there are deadlines which the governments of these countries can ignore only at their own peril.

The political implications of all this are clear. In the first place, as I suggested at the outset of my remarks, we cannot reasonably look for any real measure of stability or security in a world, two-thirds of whose inhabitants are living in a state of social ferment and economic discontent. I do not suggest -- and I do not believe anyone would suggest -- that foreign aid can provide anything like a complete answer to the problems of the developing countries. But, coupled with the efforts of these countries to create a sound basis for development, foreign aid can provide the beginning of an answer. Above all, it provides reassurance to these countries that they will be able to move forward in a co-operative world environment.

Secondly, we must remember that the need to mobilize resources for rapid economic development poses problems of the greatest magnitude in countries where a majority of the population are living at or near the level of bare subsistence. The basic problem, I think, from our point of view is whether in those conditions the development process is to go forward in a framework of freedom and respect for the uniqueness and diversity of men or whether it is to go forward under the impetus of political coercion and

constraint. In referring to this as a basic problem I have in mind a passage in Mr. W.W. Rostow's book on "The Stages of Economic Growth" in which he puts the point as follows:

"If we and our children are to live in a setting where something like the democratic creed is the basis of organization for most societies, including our own, the problems of the transition from traditional to modern status in Asia, the Middle East, and Africa .... must be solved by means which leave open the possibility of .... a humane, balanced evolution."

And he goes on to say that

"It will take an act of creative imagination to understand what is going forward in these decisive parts of the world; and to decide what it is that we can and should do to play a useful part in those distant processes."

These, then, are some of the political implications of foreign aid as I see them. But I do not want to be misunderstood. I do not conceive of foreign aid as a means of imposing our political views and attitudes on the developing countries. That, to my mind, would be a self-defeating objective. It would create suspicion and hostility instead of confidence which is the only sound basis on which an effective foreign aid programme can be conducted. Not only would a foreign aid programme with political strings be self-defeating but it would be unrealistic. We cannot, with the best will in the world, expect to promote the establishment of parliamentary democracies on the Westminster model all over the world. Many of the new countries bring traditions of their own to the political evolution upon which they are embarking and they will in due course evolve their own patterns of government and social organization. But what we can do -- and what I think it is legitimate for us to do -- is to enable these countries, at their own option, to develop -- to quote Barbara Ward once again -- "open societies in an open world".

In the light of what I have just said the question may be asked whether there are really no circumstances in which it would be permissible -- and perhaps even right -- to attach conditions to the provision of foreign aid. It is a question which I do not wish to avoid although it is a complex one and one which does not lend itself to dogmatic pronouncements. We do have to remember, I think, that the countries with which we are dealing are in many cases young countries, jealous of their independence and sensitive to anything that might be construed as circumscribing that independence. We also have to remember that there is no ready distinction to be drawn between different sets of conditions. Any condition is apt to be interpreted as being political in nature and design. This having been said, I think there is one condition which we have a right to attach to our aid and that is that it should be put to effective use. We can legitimately argue, I think, that the resources we allocate to foreign aid are intended to serve one overriding objective, which is to supplement the resources the developing countries themselves can manage to mobilize for their economic development. Where there is no sound indigenous development effort, foreign aid is unlikely to accomplish its objective.

And if foreign aid does not accomplish its objective, governments in the donor countries will not be able to maintain public support for their foreign aid programmes. By insisting, therefore, that our foreign aid should be effectively used and that economic development in the countries receiving that aid should have a priority claim on the resources that are being generated, we are surely not surrounding our aid with conditions that are incompatible with their own best interests.

The concept of foreign aid is of relatively recent origin. Modest at its inception, it already encompasses the movement of significant resources from the advanced to the developing countries. Taking the advanced countries of the free world alone, the amounts provided from official sources for this purpose are now well in excess of \$6 billion a year.

Foreign aid is, of course, only one response to the challenge of under-development. It will not by itself close the widening gap in living standards and we should be under no illusion that it will do so. For the resources mobilized through foreign aid represent -- and will continue to represent -- only a small portion of the resources that will have to be mobilized if the developing countries are to achieve the momentum needed for self-sustaining growth. Meanwhile foreign aid can help, as William Clark recently put it in his preface to a Handbook on Developing Countries, "to put a floor under poverty". That it should succeed in doing so is a matter of enlightened self-interest for all of us.

The claim is sometimes made that man's scientific progress has out-paced his moral capacity to measure up to his responsibilities in a changing world. There is something to that claim but I would like to think that in this matter of foreign aid we are at least beginning to take the measure of the changing world around us.

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