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STATEMENT DISCOURS

Secretary
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TEXT AS DELIVERED
OF AN ADDRESS BY THE
SECRETARY OF STATE
FOR EXTERNAL AFFAIRS,
THE HONOURABLE MARK MACGUIGAN,
TO THE CANADIAN ASSOCIATION
OF FUTURES STUDIES,
MONTREAL,
OCTOBER 3, 1981

"NORTH-SOUTH FUTURES
AND CANADA'S ROLE"

TRANSLATION

It gives me great pleasure to address this session of the Canadian Association for Futures Studies. Your chosen theme -- North/South Futures and Canada's Role -- is of particular interest to me. The future of North/South relations is an issue to which the government has devoted a great deal of attention; and as you know, the Prime Minister is deeply concerned about North/South issues and the future of relations between the developed and the developing world.

TEXT

In my remarks I'd like to approach the subject by moving from some general comments on futures studies and on North/South trends to some specific points on North/South issues and how I see Canada's emerging role.

The focus of this conference is on North/South futures. As members of an association devoted to futures studies, your interest in global questions relates naturally to medium and longer term perspectives. However, you are acutely aware, as demonstrated in your programme, that action or inaction today can have a vast influence on the shape of the world tomorrow. Perhaps at the outset you will allow me to make one or two brief comments about the relationship between futures studies and policy making.

Policy makers in governments and institutions today face pressures which tend to narrow planning horizons. Planning for the future becomes more difficult when change is rapid and its impact is increasingly immediate. There is an understandable tendency to give short-term interests more attention and protection under these circumstances. At the same time, policy makers clearly need a better understanding of the environment which we will be facing five, ten and fifteen years away and a better understanding of the major forces which will shape that environment. Implementing projects with long lead-times requires knowledge of the shape of the world into which these projects will emerge. Whether one is speaking of long-term social programmes or defence procurement issues, we need a better idea of the shapes in the mist. In a time of rapid change this is not a luxury, it becomes a necessity of the first order, and yet governments and institutions quite frankly often remain ill-equipped in this regard.

I think therefore that there is a complementarity between those associated with futures studies and those who formulate policy. There could be a much more effective harnessing of efforts -- thoughtful long-term analysis can

be of immense help to policy makers, particularly in a world of rapid change. It has never been more necessary to gain a clearer idea of the long-term consequences of our actions -- or of our inactions.

But much of the writing associated with futures studies today strikes me as being clustered around the twin poles of excessive optimism and excessive pessimism. Both extremes have tended to overshadow the centre. The pessimists tend to produce research which leads us to believe that the time may have already come when the forces of man and nature have created situations which are beyond control. The pessimist-futurologist philosophy might be summed up in the following lines:

"The world today is at a cross-roads. One road leads to greater hopelessness and despair, the other to utter destruction and extinction. God grant us the wisdom to choose the right road."

(That's a quote from Woody Allen, by the way.)

The optimist school, on the other hand, appears to worship at the high altar of technology. Breakthroughs in technology are seen as providing universal answers to the ills of developed and developing countries alike. Preliterate societies are somehow to be propelled into the information age through the massive application of new technologies. The question of how this is to be done, by what means, and above all what the side effects will be, is often left unanswered.

Without wishing to be critical of futures studies in general or unfair to some of the excellent work which has been done, these recurring twin themes have in part been responsible for the fact that policy makers have not been able to benefit from futures research to the extent they could have.

I think, however, that this is changing as techniques and approaches become refined. Here I would like to pay tribute to your association, and to your conference which has chosen a specific theme for study and which has oriented the discussions in such a way that they do promise to provide useful information about possible future courses of action which will be of use to policy makers.

I don't want to give the impression that I don't take seriously the global projections contained in the various major global studies which have been published over the last 10 years. There has been a general consistency in their findings. From Jay Forrester's Global Study on World Dynamics and the Limits to Growth Report for the Club of Rome in the early 70s to the recent Global 2000 Report to the President of the USA, the message has been clear. One can argue about techniques and methodology, but on questions related to population projections, pressure on the environment, food and energy supplies, these studies point to a number of very disturbing trends which must be taken seriously. Two points in particular can be drawn from these studies -- that the cumulative impact of economic, population and environmental pressures will hit the developing world the hardest and secondly, that the growing linkages and interdependencies between North and South mean that no country in the North can hope to isolate itself from these growing disturbances. North and South are firmly intertwined; our destiny and that of the South is interlinked.

I also don't want to give the impression that I entirely disagree with the optimist school. In parts of the North, we may be entering a new era as significant in its own way as the earlier industrial revolution. I would agree with the optimists that the new technologies which characterize this era have the potential to solve many of our problems, both in the North and in the South.

But the new technologies will, on the other hand, have a significant impact on the structure of employment and production in the North which will have a spill-over effect on the South. The impact on the use of the new information technologies and the so-called "smart machines" of tomorrow still remain an unknown quantity. Some estimates indicate that the "factory of the future" may require 65 to 75% less work-force by the year 2000. One important European car manufacturer believes that industrial robots will slash labour requirements by 90% over the next 10 years.

There's a risk that the international structural adjustment process which has favoured the movement of labour-intensive and other industries from the developed to the developing world may be reversed. For example, certain manufacturing processes may no longer be able to be performed more economically in developing countries. This promise of long-term structural adjustment has provided a

measure of hope for the South. The widespread use of the new technologies in the North may give tremendous advantages which the South will realize only in limited ways. The danger is that technology, if present trends continue, may serve to widen rather than narrow the gap between developed and developing countries. On the other hand, these same technologies offer great promise for development in the South if applied in ways which truly benefit development. The irony is that technology offers a potential escape from the wheel of poverty but, at the same time, it may threaten the process of global structural adjustment and a more equitable international division of labour. In my view, a central question to be tackled in the North/South context will be how and under what conditions technology will be harnessed to assist developing countries.

I wanted to make those general -- perhaps slightly exaggerated remarks before addressing myself to the central point of your agenda. I'd like to turn now to examine some of Canada's priorities in North-South terms and also share with you some of my views on the North-South agenda as it is emerging.

North-South relations encompass a range of activities. They centre above all on questions related to transfers -- to interchanges of goods, people, services, capital, ideas, technology, and power. How and under what terms these transfers should or could take place is the central issue of North-South relations.

As I mentioned earlier, growing linkages between North and South have resulted in interdependencies. Increasingly, these transfers are not only in one direction. The imbalances in North-South relations are no longer quite so acute. I think there has been a change in perception in this regard on the part of developed countries towards the reality of global interdependence which is of great significance. The recent Brandt report has helped in this regard and I think that this change in perception in itself offers a source of hope.

It is clear that large parts of the South will require direct assistance in development for a long time to come, particularly the poorest. They are least able to benefit from the application of new technologies and from possible changes in the international institutions and the trade and payments frameworks which could result from North-South negotiations. The structure of their economies

is such that their most pressing needs are very different from those of the more-advanced developing countries.

With regard to Canada's development assistance efforts, I see Canada's aid programmes continuing to focus on the poorest countries. Our contribution will increasingly be based on our own special areas of expertise, related to what we can best contribute. Bilateral aid programmes will concentrate on three priority sectors: agriculture, energy and human resources. It is in these sectors that Canadian capacities based on Canadian expertise and future needs of developing countries best coincide.

I foresee a continued shifting of emphasis from traditional forms of aid -- food aid and large infrastructural projects -- to forms of assistance which aim at better developing human skills.

TRANSLATION

There is a real prospect of a food crisis in the 1980s. While international trade in food products may have increased dramatically in recent decades, it is disturbing to note that many nations which were previously self-sufficient in staple products -- even exporters of them -- have become today reliant on imports. With regard to food aid, the general thrust of Canada's new projects is to help develop the capabilities of LDC's (least-developed countries) to become self-reliant both in terms of food and in the various inputs into agriculture such as seeds and fertilizers -- so that dependencies on agricultural imports can be broken. In 1975, 6% of bilateral aid went to this kind of assistance while in 1981 the figure is 25%, with plans for even greater increases.

Energy is a second priority area of focus for Canada. Approximately 20% of our bilateral aid now goes into energy-related projects. Our major contributions in this regard have been in hydro-electricity and forestry, although a variety of new aid channels have been established. Examples in this regard are Petro-Canada International, an emergency balance of payments facility, and several other new mechanisms.

Two and one-half billion of the world's poorest people, the great majority of whom live in rural areas, depend for almost all of their energy needs upon wood and agricultural residues -- the so-called non-commercial fuels.

Energy-related research in and for the developing countries therefore presents a considerable challenge. At present the great bulk of energy-related research is located within the industrialized countries and is directed towards their needs. There is, for instance, little work being done which has any immediate application to the small-scale, rural-oriented needs of the developing countries. And because renewable energy technology is a recent and still-emerging field of activity, many questions remain unanswered about its potential uses in developing countries. An immense amount of work is required, therefore, on technologies appropriate for use in the poorest countries.

One of the new initiatives which the government of Canada is undertaking involves a \$10-million increase in our support for energy research related to developing countries. This was announced by the Prime Minister at the recent energy conference in Nairobi. These funds are being made available to Canada's International Development Research Centre so that it can undertake an intensified programme in this field. I don't have to go into the reasons why energy should become an increasing priority for Canadian aid. It is simply enough to reiterate the fact that the impact of recent oil shocks on developing countries has exceeded in dollar terms the total value of development assistance from the North, a considerable sum. The impact on these economies of these added costs, together with current high interest rates, has in some cases been shattering.

I mentioned the increasing focus on human-resources skills. It has become more generally accepted that constraints on development cannot be broken unless much greater attention is paid to the development of the human factor as the primary instrument in the development process. This has led agencies like CIDA (Canadian International Development Agency) to modify considerably the ways in which they intervene in developing countries. As a result, the percentage of the CIDA budget going to non-governmental organizations, where person-to-person relationships are usually predominant, has been growing considerably. In short, development is not only building economic infrastructures, it is the way in which the totality in interactions, economic and human, influence the direction of a society.

TEXT

I have spoken about the current priorities of Canada's bilateral assistance programmes -- food, energy and human resources -- aimed essentially at the development needs of the poorest countries. It is not these -- the poorest -- who are likely to benefit the most from changes brought about by negotiations between North and South, although this in itself presents a challenge to Canada, in other words, how to better orient the results of North/South negotiations towards the poorest. It is vital that development assistance continues to flow in significant quantities to these countries. One clear role for Canada is to pay particular heed to the special needs of the poorest and to try to focus attention in the course of North/South discussions and negotiations on the need to take special steps in favour of this particular group of countries.

Turning to North/South discussions and negotiations and Canada's role, I think that we clearly have a role to play. We can of course contribute directly by way of assistance and expertise to the South and we must constantly refine this assistance so that is of maximum benefit. Secondly, we can help move forward the dialogue between North and South. For example, Prime Minister Trudeau, in his travels and preparations for the Ottawa Summit, attached a very high priority to North/South issues. In his view, and in mine also, there is absolutely no alternative to action.

Canada has always sought to play an active role in North/South negotiations in attempting to stimulate movement and to conciliate the conflicting views of our industrialized partners and those of the developing world.

Given the nature of our economy -- our desire, for example, to play a greater role in the processing of our own commodity exports -- there are a number of areas where our interests have much in common with those of developing countries. We have had to face many of the same problems which they face today.

We have, moreover, many special ties with developing countries through, for example, the Commonwealth and La Francophonie. At the same time, we are a member of the OECD (Organization for Economic Co-operation and Development) group and of the Western Summit and participate in special groups such as the "like-minded" meeting of

middle powers which focuses on North-South relations. To the extent that these opportunities give us increased insight into the interests of developed and developing countries alike, we are able, I believe, to play on occasion a valuable "bridge-builder" role. This role was underlined by the recent report of the Parliamentary Task Force on North-South Relations which stated that "Canada should help build bridges between North and South. There is no message which we consider more important to convey to those who read our report."

This is in fact an extension into the North/South area of a long-standing role of Canadian diplomacy in the tradition of St. Laurent, Pearson, and Martin.

I have spoken about what we, Canada, can do in assisting the poorest countries. However, multilateral agreements, universally determined, remain fundamental to Canada's approach to finding effective solutions to global problems. There is no substitute for such a multilateral approach; and such an approach is, in my view, embodied in the proposal for holding "global negotiations". A large degree of consensus has been achieved on the launching of the global negotiations which are intended to deal with major issues in the field of raw materials, energy, trade, development, money and finance.

It's important that these negotiations be launched and that they succeed. There are, of course, many different perceptions of what success represents and how it will be defined. Considerable compromise on all sides will be necessary to reach agreement on procedures and agenda. I remain hopeful that the international community will respond positively to the challenge.

If one looks back at the agenda over the past few months, a certain positive momentum has built up. The UN (United Nations) Conference on New and Renewable Sources of Energy, the Conference on the Least-Developed Countries recently held in Paris, and the Ottawa Summit have all served to move things in a positive direction characterized by what I would like to call -- in a cautiously optimistic way -- a new realism. On the other hand, there has undeniably been a hesitancy on the part of certain important developed and developing countries to enter fully into this process. But there has of late been less rhetoric on all sides, and a more business-like attitude. The Cancun

North/South Summit is the most immediate item on the forthcoming North/South agenda and I hope that it will maintain and increase the momentum. But I remain under no illusions that this will be an easy task. I hope you will forgive me for saying that I believe your expectations -- worthy ones, to be sure -- may go well beyond the possibilities.

There is, of course, one specific issue of particular importance at Cancun -- that is the launching of global negotiations at the UN in New York. While it was recognized at the preparatory meetings that there would be no formal link with global negotiations, it was agreed that a major objective of the Cancun Summit would be to facilitate agreement on them. Canada is hopeful that the Summit will prove to be such a catalyst. But, this would be a procedural, rather than a substantive, advance.

In Canada's view, the North/South Summit will be useful in focusing the attention of world leaders on pressing global economic problems and in increasing understanding of their respective interests and concerns. The Summit cannot itself take decisions on behalf of countries not present, but it can make an important statement of will and perhaps reach a consensus on priorities. This, in turn, would give political impetus to ongoing negotiations in international fora. In this regard, I will ensure that the resolutions emerging from your conference related to the North/South agenda will be examined carefully. They will then have an opportunity to influence Canadian positions at Cancun -- but it would be unrealistic for you to expect any general agreement at Cancun on your issues -- or indeed on any substantive issues.

For the government to involve itself actively in North/South issues, we fully recognize that we will need the support, if not at times the initiative, of the Canadian public. To that end, we will need to facilitate their increased awareness and involvement. This is a key objective of the new Futures Secretariat, the concept for which derived in part from last year's First Global Conference on the Future which was in part sponsored and organized by your association. I am pleased that the Secretariat is now largely in place and has published its first information bulletin. At the same time, I welcome the efforts of numerous other Canadian non-government organizations, including your own, to give North/South issues and, in particular, Canada's role in the future dialogue, the attention it deserves.

This is to say, I suppose, that the future, like the present, depends entirely on people and especially on their awareness and their goodwill. If the future people of the North understand the problems of their world and are properly motivated, then I believe we can be optimistic about the future.

In the long run, our best hope is that the more fortunate in worldly terms will continue to care about the well-being of those less fortunate.