

NOT TO BE RELEASED BEFORE

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CANADA IN WORLD AFFAIRS

OPPORTUNITIES OF THE NEXT DECADE

Address at the Annual Dinner of the
Canadian Centenary Council, Chateau
Laurier, Ottawa, February 1, 1967,
by Escott Reid, Principal, Glendon
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to India, Ambassador to Germany, and
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in South Asia and the Middle East.

I shall, in my speech tonight, talk about
what I believe to be the most important creative
tasks for Canada in world affairs in the next decade.

I can hear some Canadians saying, "Why should
we bother about taking creative action in world
affairs. We have enough problems cultivating our
own domestic garden. We have enough problems arising
out of day-by-day relations with our neighbours to
keep our External Affairs Department busy and out of
mischief. Anyhow, the great powers run the world
and they won't listen to us".

There are a number of possible answers to this. I'll give some that occur to me.

The first is: That is not the kind of people that we are. We Canadians have in the past made constructive contributions to world affairs, contributions which have been large for a country of our size and power. They are a part of our national heritage. We intend to continue to make constructive contributions to world affairs.

The great Irish poet, W.B. Yeats, was one of the representatives in the Senate of Ireland of the Protestant minority. He rose in the Senate of Ireland once to protest against legislation which he claimed was directed against his people, the 200,000 Southern Irish Protestants. "We", he said, "are no petty people. We are one of the great stocks of Europe. We are the people of Burke; we are the people of Grattan; we are the people of Swift; the people of Emmet, the people of Parnell. We have created the most of the modern literature of this country. We have created the best of its political intelligence."

Yeats spoke thus of a people who number less than one per cent of the population of Canada and

yet he called them, quite properly, one of the great stocks of Europe. And what Yeats said of his people's contribution to Ireland, I say of what our people, the people of Canada, have contributed to world affairs: "We Canadians are no petty people. We are one of the great stocks of the Western World. We are not the kind of people to remain passive while others decide our destiny for us."

"A nation", Frank Underhill has written, "is a body of people who have done great things together in the past and who hope to do great things together in the future." This nation has done great things together in world affairs. We can do greater things in world affairs in the future.

I have quoted one great poet, an Irishman. I'll quote another great poet, an Indian, Rabindranath Tagore. He said, "Each nation has a special problem given to it by God, and it finds its salvation by solving it rightly. Hence the Sanskrit saying, VEERABHOGYA VASUNDARA, the world belongs to the valiant."

It is a dangerous thing for a great power to come to believe that it has a Messianic role to play

in world affairs. I am not so sure that it might not be a good thing for Canada to come to believe, if not that it has a Messianic role to play in world affairs, that it has a very special creative role to play. I think it has.

MacKenzie King, in the twenties and thirties, sought for a foreign policy that divided us the least. During the last years of his regime and under his successor, Louis St. Laurent, we began the search for a foreign policy that united us the most. Let us, in this centennial year, continue that search. An active, creative foreign policy can help to unite this nation.

There was, I think, a golden age in Canadian foreign policy -- a period when, because of a peculiar and temporary set of circumstances, we in Canada became, on certain great issues of world affairs, one of an inner group of three countries which moulded the shape of the future. This golden age of Canadian foreign policy lasted about ten years from the fall of France to the early years of NATO -- roughly from 1942 to 1951.

The issues on which we became one of the top three Western powers along with the United States and

Britain had to do, not with the waging of war, but with the creation of post-war international institutions. It was, for example, British and Americans, with assistance from Canadians, who created the International Monetary Fund and the World Bank. The same was, I know, true of the international conference on civil aviation at Chicago in 1944 which founded ICAO. It was, I think, true of the formation of UNRRA and FAO. It was most certainly true of the long negotiations on the formation of the North Atlantic Alliance, negotiations which lasted from the early months of 1948 until March of 1949. That alliance is the child of the United States, Britain, and Canada. Our successful crusade for that alliance is a bright page in our history.

Why and how were we able to play such an important role in the decade from 1942 to 1951? It was, I suggest, because of two things. First, a gap had been created in the Western World. Second, we organized ourselves so that we could move into that gap.

In the war years, virtually the whole of Western Europe was in the hands of the enemy. In the immediate post-war years, the European governments were so weakened by war and occupation, so heavily involved in reconstruction, so dependent on the

United States, that they were not able to take their traditional place in the concert of powers.

The second reason we were able to play the role we did from 1942 to 1951 was the intellectual and emotional drive of a relatively small group of cabinet ministers and senior officials, Intellectual ability of a high order. Hard creative work. A sustained determination that Canada should do all that it could to help create a great galaxy of international institutions which might make depression and war less likely.

If there is a moral to be drawn from the golden age of Canadian foreign policy, the moral is surely this. Where there is a gap and where we in Canada have prepared ourselves to act and act wisely - we can play an important role in world affairs. What is the biggest gap today in the defences of civilization? Is it the kind of gap which Canada can move into?

I submit there can be no doubt about the answer. The most serious gap in the defences of civilization is the gap between what the rich developed nations of the world should be doing to help the poor countries speed up their economic development and what they are, in fact, doing. It is a gap which Canada can move into.

Here, may I make three points very clear.

The first is that without greatly increased foreign aid and without greatly increased opportunities to build up their foreign trade the poor countries of the world cannot lift themselves out of their poverty. Greater aid and greater trade are essential. But by themselves they are not enough. All they can do is to supplement what the poor countries do for themselves.

Out of their poverty, out of their very scarce resources of materials and skills the poor countries must squeeze a greater porportion for econimic development. If prestige projects yield a low real rate of economic return, they must be willing to postpone them indefinitely - big dams, steel plants, nuclear power plants, international air lines, new capital cities. The poor countries must concentrate on projects which give a quick and a high yield. Most of them must concentrate for the next ten years on increasing their production of food and on decreasing their production of children.

The second point I want to make clear is this. Increased resources for foreign aid mean sacrifices by the peoples of rich countries, not sacrifices in our present standards of living but a giving up of a

part of those future increases in our standards of living which we can reasonably look forward to. Increased foreign aid for Canadians means levels of taxation higher than they otherwise would be. Unless, of course, we in Canada are prepared to finance an increase in foreign aid by increasing our imports of capital from abroad. I assume we don't want to do that.

The third point I want to make is that the amounts of foreign aid I shall talk about either for Canada or for the whole of the Western World are relatively very small.

The value of the present net long term official aid provided every year by all the rich countries of the Western World to all the poor countries of the world is just about the same as what one nation of the Western World, the United States, spends every year on space research.

If the Western World had last year increased its aid by just one-tenth of last year's increase in its income, the flow of aid from the West to the poor countries would have doubled.

In recent years, Canada has been raising the level of its foreign aid by \$50 million each year.

\$50 million is less than 2 per cent of the annual increase in our wealth, since the annual increase is running at a rate of about \$3 billion a year. Two per cent of that would be \$60 million.

In the past six years, the rich countries of the non-communist world have got a great deal richer. Their combined gross national products have been increasing at about \$50 billion a year and have reached a level about 300 billion dollars a year higher than the level of six years ago.

The rich countries have not shared any of this vast new wealth with the poor countries. The net flow of long-term official aid from those rich countries to the poor countries fluctuated during the past six years between four billion and four-and-a-half billion dollars a year. (This figure of four to four-and-a-half billion dollars is an estimate of the net flow of long term official aid to countries with per capita incomes of less than \$250 a year. The net flow is defined as disbursements less interest charges and amortization on past loans).

If we of the Western World persist in our present policies on aid to poor countries, we will have

earned the contempt of our children and our grandchildren. They will have every right to blame us for the kind of world we will have bequeathed to them. They will not easily forgive us for our short-sighted and ignoble policies on foreign aid.

Here is the most serious gap which exists today in the defences of civilization. Here is an opportunity for Canada to play a creative role in world affairs.

If Canada were to spend another 700 million dollars a year on defence, this would increase the defence expenditures of the NATO countries by less than one percent. If Canada were to give another 700 million dollars of aid to poor underdeveloped countries to help them speed up their economic development, this would increase the net flow of aid from the NATO countries to poor countries by about fifteen per cent.

I do not suggest that we immediately increase our foreign aid expenditures by 700 million dollars a year. What I do say is this: Canada has, during the past few years, been setting an example in foreign aid by the steady annual increases in the amount of our foreign aid and by the intellectual leadership which Canadian cabinet ministers and civil servants

have been giving in the international aid effort. We started from a low level but we have been increasing our aid effort by 50 million dollars a year until it has now reached a level of 300 million dollars a year. The Government has announced that it intends to continue to increase our aid effort until we reach a level of one per cent of our annual production of goods and services.

What I plead for tonight is that the voluntary organizations represented on this Centenary Council organize public support behind this courageous decision of the Government and that the voluntary organizations say to the Government: "We congratulate you on what you have done. We want you to go further and faster. We will do everything we can to enlist public support behind a much larger aid effort. We want you to move at a faster rate. We want the target not to be one per cent of goods and services but a billion dollars. We hope you can reach this goal in five or six years' time. We want a substantial part of this increased aid to go to the International Development Association, the World Bank's agency for granting soft loans to hard projects in deserving poor countries. We will make clear to the Canadian people that

increased foreign aid on this scale means that the Government would, through taxation, have to divert real resources from use in Canada to projects which add substantially to the income of developing countries."

Such a campaign by the principal voluntary organizations of Canada would be the best contribution they could make to world peace in this centennial year.

More is of course needed than larger appropriations for foreign aid. The moral of the golden age of Canadian foreign policy is that you fill gaps in the defences of civilization not only with money but also with sustained, creative, crusading, tough, intellectual activity by the Government.

There is, I know, this kind of activity in the Canadian government service on problems of foreign aid, but far too heavy a burden is being laid on far too few people. Their ranks have recently been strengthened by the appointment of Maurice Strong to head the Canadian External Aid Office. But if we are to take the place we can take in the forefront of the battle against world poverty, we need to strengthen very greatly the ability of the Canadian Government both in Ottawa and abroad to develop policy on foreign aid

and to administer it. We need to recruit many more of the ablest social scientists, engineers and administrators in Canada, men who are driven by a passionate concern for the welfare of the poor peoples of the world, men of intelligence, industry, zeal and integrity.

We need to strengthen the ranks of the Government services so that men of this kind who are now in the public service may be relieved of all or a substantial part of their ordinary duties so that they may devote time to the task of studying how the whole international effort to help poor countries speed up their economic development can be made more effective.

Canada is in a peculiarly good position to undertake this catalytic task. There is no country in the world which has so many men in its cabinet and in the senior ranks of its public service who have worked on the problems of international economic development for the last twenty years or more. Canada has some of the best of the younger experts in the world. The Canadian Government service is small enough for these people to know each other.

What is needed is a mobilization by the Canadian Government of the intellectual resources required and the assignment of clearly defined tasks.

The immediate task is to increase the financial resources made available by the rich countries of the world to such international agencies as the World Bank, the International Development Association, the regional development banks for Asia, Africa and Latin America, and the United Nations Development Programme.

A Canada which had announced that it intended within five or six years to increase its foreign aid to well over one percent of its annual production of goods and services would be in a position to take a lead in an international campaign to mobilize more resources for those agencies.

The longer run task is to strengthen the international agencies not only by more money but by a critical international examination of how they can be made more effective instruments in the war against world poverty. And not only the agencies I have mentioned but also the other specialized agencies of the United Nations, notably F.A.O., WHO, I.L.O., and UNESCO, the United Nations Conference on Trade and

Development, the GATT, the Organization for Economic Cooperation and Development, and its Development Assistance Committee, and the Colombo Plan.

If the international agencies are to be more effective in stimulating the economic development of poor countries they must be brought up to date.

I have talked about the golden age of Canada's foreign policy in the forties and early fifties when Canada was one of an inner group of three countries which moulded the shape of many international economic and financial agencies. That is just what is wrong now with some of those agencies. They still reflect the distribution of economic power in the second half of the forties, when Canada was one of the top three Western powers.

Other agencies suffer from a different but equally serious defect. In them, efficiency of operation is being sacrificed to what is called the principle of equitable geographical distribution.

A number of the agencies established fifteen years or more ago also reflect an age when the wealthy nations were not as conscious as they are today of the needs of the underdeveloped world and of the urgent

importance of dealing with the problems of the underdeveloped world. Moreover, at that time, none of us, whether we lived in rich countries or in poor countries, knew as much as we know today about the mysterious complexities of the problem of how to speed up the economic development of poor countries.

Canada would thus be making a most significant contribution to the war against world poverty if it strengthened its corps of experts on this problem in the public service and if this corps of experts were instructed to examine in turn each of the international agencies concerned with the economic development of poor countries and to draw up recommendations on what steps should be taken to make each of them more effective in promoting the economic development of poor countries -- by changes in their practices or management, by increasing their resources, if necessary by changes in their constitutions. The recommendations of the Canadian experts would constitute a basis for discussions with other countries. Gradually, a consensus might emerge.

It is, I have argued, in foreign aid that there is the most serious gap in the defences of civilization

-- a gap which endangers the security and welfare of the people of Canada and which the people of Canada can help to close by throwing in more money, more brains, more crusading zeal.

② Where is the next biggest gap in the defences of civilization? Is it not in knowledge and understanding, particularly on this continent, of what is happening in a quarter of the world - China?

I am not going to talk about what Canada might do in the next few months or in the next year. Probably very little if anything can be done during the present period of turmoil in China. I am going to talk about opportunities for Canada to do something during the next ten years to help close the dangerous gap between China and the rest of the world.

It is now eighteen years since the United States and Canada withdrew their embassies from China. The embassies were an important source of current information. What is more important, they were training grounds for foreign service officers to become experts on China.

The work of the embassies in training experts on China was supplemented in the years before 1949

by the Christian missions in China. Many of the greatest Chinese experts in North America were children of missionaries and had been brought up in China. These missions have been forced out of China. They are no longer nurseries for future experts on China. They can no longer produce a Chester Ronning who later returned to China as a Canadian diplomat.

There is thus an ever-diminishing amount of expert, recent, first-hand knowledge and understanding of China in the Department of External Affairs in Ottawa and in the State Department in Washington.

The United States has, I am sure, a vast and most efficient apparatus for collecting information about what is going on in China and analyzing it. But there is probably now no one in the State Department under about forty-five who has that kind of percipience about China which can only come from having recently lived in it for a number of years. Obviously, the more one can move about a country and talk freely to its people, the greater the degree of percipience which can be acquired. But a skilled diplomat - or newspaperman - even if he has to live in a diplomatic ghetto in Peking, will learn something of the inwardness of the country which the

expert stationed outside the country can never acquire - and his percipience can correct and supplement the percipience of the outside expert.

Moreover, it would certainly be unwise to assume that the present restrictions on the activities of diplomats and newspapermen in Peking will last for the next ten years, and that is the period I am talking about.

Suppose that within the next two years Canada were able to work out an agreement with China for the establishment of a Canadian embassy in Peking. Suppose Canada were to maintain at that embassy four of our most brilliant foreign service officers for periods of two years. Suppose that this period of service in China had been preceded by two years or so of concentrated study at a first class institute for the study of contemporary China and were followed by further work on China. What would be the result ten years from now? The result would be that we would have built up a group of sixteen or so officers in the Canadian foreign service with considerable knowledge and understanding of China.

If the United States should unfortunately not find it possible to move at the same speed as

Canada, the existence of these Canadian experts could be of great importance in increasing North American understanding of China by supplementing the information which the United States was able to secure from its own sources. If, which God forbid, as the old treaties would say, the United States even ten years from now had not been able to establish diplomatic relations with China, there might well be nobody in the State Department under the age of about fifty-five who had had the kind of recent first-hand knowledge of China that the sixteen Canadian experts would have had.

When the United States established diplomatic relations with the Soviet Union in 1933, it sent to its new embassy in Moscow some of the brightest young men in its foreign service. Among them were George Kennan, ⁶Gohlen, Llewellyn Thompson. All three later served as ambassadors to the Soviet Union. All three have contributed greatly, over the last thirty years, to the long, slow, patient process of bringing about better understanding between the Soviet Union and the United States. Indeed, between the Soviet Union and the Western World.

The American Embassy in Moscow in the thirties was a forcing ground for talent on Russia which has

served well the whole of the Western World. I
should like to see the Canadian Embassy in Peking
in the seventies be a forcing ground for talent on
China which could serve well the whole of the
Western World.

If Canada is to play the role it could play in the long-laborious task of reaching a modus vivendi between the rest of the world and China, more is, of course, required of Canada than the training in the Canadian foreign service of experts on China.

The Toronto Globe and Mail has been making a significant contribution to a better understanding of China by maintaining a full-time correspondent in China. I very much hope that it will be possible for a number of other Canadian newspapers and agencies to follow the Globe's example. There are only four full-time Western press representatives in China. The other three are representatives of news agencies -- British, French, German. The Toronto Globe is the only newspaper in the whole of the Western World with a full-time correspondent in China. Canada can be proud of the example the Globe has set.

Voluntary associations in Canada can intensify

their efforts to get in touch with Chinese scholars, professional men, administrators.

Above all, the universities of Canada should cooperate in establishing a first rate institute in Canada for the study of contemporary China. It is a national disgrace that there is no such institute in Canada today. Such an institute could become one of the great centres in the world for the study of China. To it our foreign service officers would go for two or three years before they were posted to China. To it they would return to make reports and to continue their studies when they came back from China.

To it would go newspapermen, businessmen, scholars for training. To it newspapermen, businessmen, scholars, who had lived in China, would return to study and teach and write. To encourage such an institute of Chinese studies, the federal government should inform the universities of Canada that it is prepared, through the Canadian Council or in some other appropriate way, to make not only a generous capital grant but also an annual operating grant. It should also provide every year, say, twelve scholarships of \$5,000 a year tenable for three years at the institute by brilliant young Canadian university

graduates. This expenditure of \$180,000 a year on
scholarships to the Canadian institute of Chinese
studies might turn out to be the best investment
Canada has ever made.

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In the next ten years as in the past hundred years we, in Canada, will be beset by many harassing problems in foreign affairs. A country of Canada's size has only limited resources of wealth and manpower to devote to foreign affairs. If it is to make the maximum impact it must select areas where it is likely to make the best contribution -- the contribution most likely to serve the welfare of the people of Canada.

The two great problems of the last third of the twentieth century are the economic development of poor countries and the relations between China and the rest of the world. We must speed up greatly the rate of economic advance of poor countries. We must move quickly to narrow the gap between China and the rest of the world. Otherwise, the prospects for our children's children are bleak indeed.

I have suggested that Canada can by its

actions and its example make a substantial contribution to the solution of these two problems -- a contribution much more substantial than its mere size and wealth would warrant. Here is a task worthy of Canada as it enters the second century of its existence.