



Statements and Speeches

No. 75/35

CANADA ADOPTS A NEW DEVELOPMENT-ASSISTANCE STRATEGY

A Statement by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, on November 6, 1975, to the House of Commons Standing Committee on External Affairs and National Defence.

...I welcome the formation of this subcommittee, and for two reasons. In the first place, Canada, like other wealthy nations, finds itself at a crucial point in its relations with the developing countries. After 25 years of what used to be called "foreign aid", we are facing a whole new set of circumstances, calling for new solutions to new problems. The various options open to us all have far-reaching consequences, not only for our foreign policy but for our national life as well.

The second reason why I welcome the formation of this subcommittee is the broad mandate given it in the reference by Parliament, the reference of June 17. Not only is the Committee empowered to report upon the full range of international development policies but it is asked to do so with particular reference to the economic relations between developed and developing countries. Parliament has thus shown itself aware of the fact that international development co-operation encompasses an area beyond aid transfers and involves our entire relationship with developing nations. I shall come back to this point in more detail later. In this initial meeting of the subcommittee, I want to assure you of the full co-operation of the Department of External Affairs and of CIDA in the work of the Committee.

I wish today to speak about our development-assistance program, about broader questions involved in our economic relations with developing countries and about the role of the subcommittee. The broad mandate given to this subcommittee is entirely appropriate, as it reflects the growing sophistication and widening influence of Canada's international development co-operation from its modest beginnings 25 years ago.

You will recall that the Canadian aid program began more or less as a family affair. After India, Pakistan and Ceylon shed their colonial status in the late 1940s, an awareness soon emerged that political autonomy would be difficult to sustain without rapid and intensive economic and social development. In order to support that development, Canada joined Britain, Australia, New Zealand

and the three newly-independent Asian countries in establishing the Colombo Plan. For eight years the Colombo Plan was Canada's only country-to-country aid program and, when other members of the Commonwealth also gained their independence, Canada extended its support to them by mounting the Commonwealth Caribbean Assistance Plan in 1958 and the Commonwealth Africa Assistance Plan in 1960.

A year later the *francophone* aspect of our heritage and our bilingual character found expression in the launching of an assistance program for *francophone* African countries. This assistance was greatly amplified by a number of development projects identified in 1968 by the Chevrier Mission.

Meanwhile, Canada had turned its attention to Latin America by establishing a special Canadian fund in the Inter-American Development Bank in 1964, and in 1970 this program was augmented by one of direct bilateral assistance to Latin American countries.

In 1960, the Government of the day took note of the fact that aid programs were an integral part of Canada's foreign policy and were molded by the nature of the relations between Canada and the recipient countries. The administration and operation of these programs were brought together under the supervision and control of the Secretary of State for External Affairs, and the External Aid Office was established.

The same decision established a senior interdepartmental committee now known as the Canadian International Development Board. We are now studying ways to enable the Board to play a more constructive role in co-ordinating the policies of the various departments involved in our development-assistance program.

The growing complexity of the problems of developing countries made necessary a full review of our development-assistance programs, a review that led to the publication on September 2 of *The Strategy for International Development Co-operation 1975-1980*. Our strategy is not so much an agonizing reappraisal of international development policy as an expression of a number of conceptions and practices that have evolved from our 25 years of experience in development co-operation. World events have made more critical this re-evaluation of the purpose and nature of our relations with the developing countries. Already in 1970 the foreign policy review suggested that the notions of aid applied during the 1960s were not adequate for the coming decade. The strategy for 1975-1980 is not a rigid formula for development co-operation; it is designed to be responsive to the flow of events while maintaining the continuity so essential to effective long-term economic and social

development programs.

I do not want to go over all the 21 points in the strategy, but I should like to refer to some of the most significant aspects. Canada's assistance will be concentrated in a limited number of developing countries to ensure maximum effectiveness and impact. The Canadian program will concentrate on the poorest countries, those most seriously affected by economic dislocation, and on the poorest groups within those countries. At least 80 per cent of our bilateral assistance will be aimed at these countries. Canadian development efforts will focus increasingly upon major world problems such as agriculture and rural development, basic education and training, public health and population, shelter and energy.

Canada wishes to help those nations that show a real willingness to help themselves. True co-operation provides nations with the option of choosing a method of development most appropriate to their own political, economic and social requirements. We wish to see, however, forms of development in which the poorest and weakest members of society -- the rural poor, the landless tenant farmers, the urban untrained and unemployed -- share from the beginning in the benefits of growth. The program will be flexible, with forms of assistance available that are tailored to the needs of some middle-income developing countries.

We restate our determination to reach the official United Nations target of 0.7 per cent of our gross national product in official development assistance through annual increases in assistance as a percentage of gross national product. We recognize that this pledge will be a severe test of our national commitment to development co-operation.

The strategy-review document will provide a focus for the Committee, if it so wishes, to examine Canada's development policy. It is the first time, I believe, that we have pulled together the guiding principles of our development program, and certainly I should welcome any comments the Committee might have on the principles that we have outlined, whether we are going in the right direction, and whether there are other principles that ought to be added or that ought to be removed.

I should like now to turn to broader questions involved in Canada's economic relations with developing countries. As members of the sub-committee, you have all shown a keen interest in the report of the Commonwealth Expert Group on a new international economic order and in the seventh special session of the United Nations General Assembly, which was held two months ago. Several of you attended the

seventh special session, and I wish to place on record my appreciation of your important contribution to the work of our delegation.

I wish to review for you briefly my personal reaction to these exercises in which we have been involved in the past few months. The first point in my view is that significant progress has been made. The report of the Commonwealth Expert Group was a positive contribution to international dialogue and understanding, and gives us an important guide towards practical action to lessen disparities in living standards between rich and poor around the world.

At the Commonwealth finance ministers' meeting in August, ministers gave their general endorsement to this report. The Commonwealth Expert Group will meet again next year to pursue its task in new areas, such as the problems of developing countries, which must import most of their required raw materials. I believe it is worth while mentioning that the report of the Commonwealth Expert Group was the first, in a sense, "consensus" document that had been produced by representatives of developing countries and by representatives of developed countries. It was the first consensus document; and the endorsement of the document by the ministers of finance was also a new departure.

It was subsequently tabled and put into the flow of material at the United Nations seventh special session. While it did not have the prominence in the debate that the main document, which was produced by the non-aligned, had, it still, in my view, was a significant development. The document of the non-aligned was the focus of debate and it was, of course, supplemented by the statement of the United States, which subsequently put into play its own proposals, and the Commonwealth document was there as well.

I believe those of us who were present at the seventh special session...would have observed a greatly improved atmosphere for debate and negotiations at the United Nations. There were flexibility, foresight and goodwill on all sides of the table and the approach which emerged from that session is one which we welcome and support. There was a much greater meeting of minds at the seventh special session, and this resulted in a consensus approach in dealing with the difficulties and needs of developing countries.

I believe the view would probably be shared by other members of the Committee who were in New York that the statement of the United States played a crucial role in this changed atmosphere. Certainly, in the absence of an American initiative of that importance, probably the session would not have resulted in the adoption of a consensus

resolution. Canada's efforts in this area over the past few months have been aimed at putting forward constructive positions reflecting Canada's interests in the long and short run. They have also been aimed at building bridges between developed and developing countries. Our delegation at the United Nations at the seventh special session was able to participate in that bridge-building role. Certainly, our role was a positive role, helpful in the circumstances, I believe. In my own statement at the seventh special session, I said that we were determined to play a positive role, using our resources and influence to bring about constructive change in the international economic system, thereby reducing the gap between rich and poor nations.

I reiterate that statement today. I attended the now resumed General Assembly that followed the special session and I met with the delegation at the General Assembly. I certainly expressed the clear view to the delegation that the document that had been adopted at the seventh special session was not to be regarded as a tactical move on the part of Canada, or as a response to a purely tactical situation; it was a document that we regarded as our document; we had supported it, and we ought to work positively in the General Assembly to have it move forward in the deliberations of the Second Committee....

I believe that, at the United Nations and in these other forums, we have made progress on commodities, trade liberalization, the transfer of resources, industrial co-operation, food and agriculture. We must ensure that the evolution of the international economic system continues in the right direction. We must take advantage of the improved international atmosphere. I believe a lack of will on the part of developed or developing countries in the field of international economic co-operation would result in our losing the gains made at the seventh special session.

The next steps in the process are the Conference on International Economic Co-operation in Paris, or the so-called producer-consumer conference, ongoing discussions in commodity councils leading up to UNCTAD IV in Nairobi, the continuing multilateral trade negotiations under GATT and the discussions of international financial and monetary issues at the IMF. In each of these forums, we shall be putting forward positions that reflect Canada's economic interests and our desire to strengthen the co-operation with developing countries.

The Conference on International Economic Co-operation will hold a ministerial session in December. I hope to attend that session, which I think will be a very crucial event in the evolution of international economic co-operation. Certainly, the atmosphere that

prevailed at the seventh special session will have a favourable effect on the atmosphere at the Conference on International Economic Co-operation. We have, obviously, a vital interest ourselves to pursue at this conference. There will be four commissions, two of which are of primary concern to Canada -- the Commission on Raw Materials and the Commission on Energy -- and it probably will see these commissions, for a period of a year, discussing the whole question of raw materials, which is a big item in the context of the new international economic order, with probably, at the end of the year, some report to ministers.

That is really the next incident in this unfolding scene. We are now preparing for that meeting. We have not yet completed our preparations and we have not sought final approval of our positions from the Cabinet.

I want now to turn to some other general comments. Just as the Canadian International Development Board, under the chairmanship of Mr. Gérin-Lajoie, advises me on development-assistance matters, the Interdepartmental Committee on Economic Relations with Developing Countries, under the chairmanship of Mr. Robinson, advises me on the broader multidimensional issues that we are continuing to deal with. I wish to stress the interdepartmental nature of the Government's consideration of these issues. Thus, through our aid program and through other measures of co-operation with developing countries, we are seeking ways of lessening disparities between developed and developing countries.

In my view, bringing rich and poor closer together and finding ways to lessen these great disparities is one of the fundamental tasks in the field of international relations today. It is crucial for global stability and for the future of human civilization. I believe Canada has the ability to maintain and increase its efforts to confront these problems despite the sacrifices that will be required in our domestic fight against inflation.

Aid programs are easy targets in time of economic stress. Support for our programs must be founded on a broad understanding by Canadians of the critical problems facing the community of nations and of the disastrous results that would follow any reduction of effort by industrialized nations because of economic problems at home. The importance of broadly-based national support for our programs and policies aimed at assisting developing countries cannot be over-emphasized.

I understand that members of the subcommittee will be making an effort to ensure that Canadians are made more aware of the issues

involved in our relations with developing countries. Discussion in this subcommittee and efforts by each of you to air these questions with the Canadian people will make a valuable contribution to improving understanding of the issues.

The Canadian people should be made aware of the costs and benefits, in economic and political terms, of action that may be taken by Canada in favour of developing countries through the budget for our International Development Program, through improved access to the Canadian market for developing-country exports, and through agreements to stabilize international trade and commodities. There may be domestic economic costs, but in the longer term the cost of doing too little could be much greater.

* * * *

S/C