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**Canada's Foreign Aid Program: A Policy Analysis
(1946 - 1980)**

Euclid A. ROSE

**A Thesis
in
the Department
of
Political Science**

**Presented in Partial Fulfilment of the Requirements for the
Degree of Master of Arts in Public Policy and Public
Administration.**

**Concordia University
Montreal, Quebec, Canada**

September, 1992

c Euclid A. ROSE, 1992



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ABSTRACT

CANADA'S FOREIGN AID PROGRAM: A POLICY ANALYSIS

EUCLID A. ROSE

It is almost four and a half decades since Canada began giving aid to the underdeveloped countries. The concept was new but there was a strong obligation among Canadians to help the poor and less fortunate peoples in the Third World. During the post-war period, Canada's foreign aid programs were characterized as selfish and confusing by many Canadians. In the Third World, they were considered to be deceptive in the sense that aid has made Canada the real recipient and not the developing countries.

The reasons are understandable since CIDA's aid policies were influenced by internal and external factors. Aid was used to promote trade and investment, to create jobs in Canada, assist Canadian farmers and to boost the Canadian economy. Overseas, aid was used to protect Canadian economic interests or try to influence internal politics or foreign policy views of recipients as well as to increase Canada's image and prestige among donors. Such use of aid is readily interpreted by the leaders of the Third World as proof that Canada's entire aid program is part of a neo-imperialist scheme.

While most Canadians supported foreign aid, they knew very little about it and the ones who knew were skeptical about its effectiveness. Furthermore, the paucity of bibliography proved that academics were not interested in the subject. This lack of interest is primarily due to the difficulty in obtaining information from the Canadian Government who regarded aid as a sensitive issue of Canada's relations with the Third World. In addition, Ottawa realized that critical scrutiny by academics of its aid program could embarrass the Canadian government as well as recipients, and undermine public confidence in aid.

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Every thesis, like every book, owes something to others. This thesis is no exception. First, for information, I owe special thanks to some CIDA officials and public servants from the departments of External Affairs, Finance and Trade and Commerce. I also owe special thanks to a number of officials from the Canadian Institute of International Affairs, the United Nations and the World Bank for their valuable and independent observations and for their kind and generous assistance.

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ABBREVIATIONS

ADB	Asian Development Bank
AFDB	African Development Bank
AFDF	African Development Fund
ASDB	Asian Development Bank
ASDF	Asian Development Fund
BBC	British Broadcasting Corporation
CCAP	Commonwealth Caribbean Assistance Program
CCF	Cooperative Commonwealth Federation
CDB	Caribbean Development Bank
CEPSA	Canadian Education Program for South Africa
CIDA	Canadian International Development Agency
CSFP	Commonwealth Scholarship and Fellowship Plan
CTAP	Commonwealth Technical Assistance Program
CUSO	Canadian University Service Overseas
EAB	External Aid Board
EAO	External Aid Office
ECIC	Export Credits Insurance Corporation
EDC	Export Development Corporation
FAO	Food and Agriculture Organization
GATT	General Agreement on Tariffs and Trade
GNP	Gross National Product

ABBREVIATIONS (Continued)

ICHRDD	International Centre for Human Rights and Democratic Development
ICOD	International Centre for Ocean Development
IDA	International Development Association
IDB	Inter-American Development Bank
IDRC	International Development Research Center
IETCD	International Economic and Technical Cooperation Development
IFC	International Finance Corporation
IMF	International Monetary Fund
IRO	International Refugee Organization
LDC	Less Developed Countries
NATO	North Atlantic Treaty Organization
NIEO	New International Economic Order
NORAD	North American Air Defence Command
OAS	Organization of American States
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OPEC	Organization of Petroleum Exporting Countries
PCIAC	Petro Canada International Assistance Corporation
PQ	Parti Quebecois

ABBREVIATIONS (Continued)

PSD	Le Programme Special de developpement
R&D	Research and Development
SCAAP	Special Commonwealth African Aid Program
SDF	Special Development Fund
TASF	Technical Assistance Special Fund
TNMC	Tanzania National Milling Corporation
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNICEF	United Nations Children's Fund
UNDP	United Nations Development Program
UNEPTA	United Nations Expanded Programme of Technical Assistance
UNHCR	United Nations High Commissioner for Refugees
UNRWA	United Nations Relief and Works Agency for Palestine Refugees
USSR	Union of Soviet Socialist Republics
WB	World Bank
WFP	World Food Programme
WHO	World Health Organization
WID	Women in Development

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A NOTE ON TERMINOLOGY

The terminology used in the thesis is derived from the United Nations categorization of countries.

The term "poor countries" meant all the low income countries in the world that had a per capita income of less than US \$400.00 in 1990.

The terms "Third World, underdeveloped countries" and "developing countries" used interchangeably, apply to all the poor and underdeveloped countries in the world, including the high income oil exporters also referred to as the Organization of Petroleum Exporting Countries (OPEC).

The term "rich or developed countries or nations" includes the industrial market economies of the Western World as well as Japan and the East European non market economies.

INTRODUCTION

"Nothing so threatens that balance as the persistence and menacing growth of world poverty. Despite all the changes which have occurred in the past, many people and nations in the South continue to suffer a terrible vulnerability to events in the world."(Government of Canada, House of Commons, Parliamentary Task Force on North-South Relations, p. 10)

After World War II, a number of European colonies in Africa, Asia, the Middle East and the West Indies acquired political independence. Emancipation from foreign rule was accompanied by a growing political consciousness within these countries and by demands for modernization and progress. The proliferation of these new nation states, commonly known as the Third World, presented a serious challenge to political scientists and economists. The initial belief was that these newly independent countries would undergo a process of political and economic development or modernization comparable with that experienced in most western democracies. But it soon became obvious that modernization eluded the new nation states of the Third World.

In achieving political independence, these countries were saddled with poverty, with little accumulated wealth or experience of industrialization, and with only a vague understanding of the complexities of rapid political and economic changes in their societies. Many believed that political independence and economic development were synonymous and were unaware of the power and influence of the industrialized countries. As a

result, economic dependence, low levels of technology, high illiteracy rates, high birth rates, low savings, political instability, military coups, rampant corruption, and one party states were the recurrent themes of political life in most of the former colonies.

In large part, the failure of modernization in the Third World was a consequence of the policies of the colonial authorities, especially the British, who through their system of indirect rule subscribed to the defeat of modernization. The colonial authorities not only subjugated the masses in Africa, Asia, the Middle East and the West Indies, but also prevented them from participating in national politics and economic development.

The world situation in the post war years exhibited two crucial issues, poverty and wealth. The industrialized societies of the West were accordingly seen to embody modernization and wealth while the underdeveloped societies of Africa, Asia, the West Indies and Latin America were faced with poverty, disease and ignorance. Since 1946, more than one hundred and twenty countries with almost two thirds of the world's population are living in poverty and are in dire need of economic assistance. Jim MacNeill, in his book, Beyond Interdependence, states that,

over 1.3 billion lack access to safe drinking water; 880 million adults cannot read or write; 770 million have insufficient food for an active working life; 800 million live in absolute poverty... Each year 14 million children - about 10 percent of the number of children born annually - die of hunger. (MacNeill, Winsemius and Yakushiji, p. 6)

It is clear that during the past forty years, economic growth was concentrated in the North. With 20 percent of the world's population, the industrialized countries consumed about 80 percent of the world's goods, leaving more than three quarters of the world's population to survive on less than one quarter of its product.(World Bank, World Development Report, pp. 23-30) With such imbalance, external aid is needed to reduce poverty and the developed countries, including Canada, must help in the development of the Third World.

However, it is almost impossible for the wealthy industrialized countries to give aid to the poor countries without being able to convince its citizens that the aid is being used for economic development and that the recipient countries are doing their utmost to improve their situations. It is safe to say that external aid has not been a subject of as much public controversy in Canada as it has been in some other countries such as the United States, Germany, Britain or Japan.(Carty and Smith, pp. 3-6) In general, the majority of Canadians over the years have supported the view that the wealthier industrialized countries should help the less developed countries which are in the early stages of development. It has also been recognized that foreign aid can play an important part in assuring the political stability of recipient countries and can thus contribute to international development, economic progress and global peace.

Canadians care deeply about the destitute people around the world, and are eager to help them overcome poverty and build better lives. Public surveys over the years indicate that a large majority of Canadians - over 75 percent - firmly believe that Canada can make a substantial contribution

to international development (and help) people achieve social and economic progress.(Government of Canada, Canada's Official Development Assistance Program, p. 5)

There has not been much emphasis on the role of foreign aid in Canada as a kind of long-term investment and job creation for Canadians or upon the value of such assistance in promoting international trade. Many foreign aid experts have argued that Canada's bilateral foreign aid policy is the politics of deception in that it benefits Canadians more than the poor peoples of the Third World. In 1974 and 1975, bilateral aid expenditures, excluding food, were \$339.43 million of which \$288.52 million, or 85 percent, was spent on the procurement of goods and services within Canada.(Economic Council of Canada, For a Common Future, pp. 106) Foreign aid also created 6,328 person years of employment for Canadians annually between 1971 and 1974.(Economic Council of Canada, For a Common Future, pp. 106-107) Similarly, CIDA food aid program has helped the Canadian economy and benefited Canadian farmers.

The concept of foreign aid is not new. Since 1951, Canada has been a leader in Third World development and, three decades later, Canadian taxpayers have paid over \$11 billion, almost \$1800.00 for every Canadian family, to support international development.(Carty and Smith, p. 27) During the 1980s, the Canadian International Development Agency (CIDA) funded several thousand aid projects in 89 countries, supported over 60 intergovernmental institutions as well as hundreds of non governmental organizations that were involved with development in the Third World.(Carty and Smith, p. 27) As the world's seventh most important industrial power, Canada is also the seventh largest aid giver in the West. (Carty and Smith,

p. 27) Canada's Official Development Assistance (ODA) rose from \$1.3 billion in 1980 to \$2.7 billion in 1987-1988.(Government of Canada, Sharing Our Future, pp. 21-22)

Between 1950 and 1991, the orientation and focus of Canada's foreign aid program has gone through a number of significant changes and, since its creation in 1968, CIDA has emerged to manage and administrate most of the foreign aid program. "CIDA is the Official Development Assistance (ODA) manager for the Canadian government and administers about 75 percent of Canada's ODA."(Government of Canada, Canada's Official Development Assistance Program, p. 7) The remaining 25 percent is managed by the Departments of Finance and External Affairs and by the International Development Research Centre (IDRC), Petro Canada International Assistance Corporation (PCIAC), the International Centre for Ocean Development (ICOD) and the International Centre for Human Rights and Democratic Development (ICHRDD).(Government of Canada, Canada's Official Development Assistance Program, p. 7)

At the start of the post war era, most of Canada's foreign aid was indeed real foreign aid in the sense that it was humanitarian aid given to help the poorest countries and people in the world with no strings attached. But in the 1970s, it was renamed Official Development Assistance with national self interest as its primary objective.(Carty and Smith, p. 1) In other words, the recipient countries had to meet and satisfy the conditions set by Canadian policy makers before receiving aid. With the onset of the Cold War between the West and the Soviet bloc countries, aid was used as a bargaining tool by the West, particularly the United States, to establish or maintain economic and

political influence in Latin America and in most of the newly independent states of Asia, Africa and the Caribbean.(Randall and Theobald, pp. 1-2)

Consequently, Canada's foreign aid program since the 1960s has suffered from a confusion of objectives. Policy has evolved to respond to a mixed set of interests such as domestic economic and political, humanitarian and foreign policy. Canadian diplomats have insisted that these mixed set of interests have to a large extent affected Canada's influence and sent confusing signals to the leaders of the Third World.

Historically, Canadian foreign aid program began in 1946 with charitable donations through the United Nations and its specialized agencies.(Government of Canada, Canada's Official Development Assistance Program, p. 20) Four years later, Canada's first bilateral aid to Asia began with the Colombo Plan and spread to the Caribbean in 1958, to Africa, particularly Ghana and Nigeria in 1959, and to Latin America in 1964.(Government of Canada, Canada's Official Development Assistance Program, pp. 20-23) Despite the mutual benefits of Canada's foreign aid program, the Government of Canada in 1975 insisted that,

The objective of the Canadian development assistance program is to support the efforts of developing countries in fostering their economic growth and the evolution of their social systems in a way that will produce a wide distribution of the benefits of development among the populations of these countries, enhance the quality of life and improve the capacity of all sectors of their populations to participate in national development efforts.(Government of Canada, Strategies for International Development Cooperation, p. 23)

In essence, Ottawa is telling us that foreign aid is to help feed, house, and clothe the less fortunate peoples, promote economic development, reduce the gap in living standards between the rich and the poor countries as well as to help eradicate poverty, malnutrition, disease and ignorance in the Third World.

Critics of foreign aid have argued that most of Canada's foreign aid is wasted and is part of the problem and not the solution to poverty and underdevelopment in the Third World. They claimed that many Third World leaders are either dangerous radicals or unbalanced megalomaniacs who cannot be trusted to use foreign aid money to build strong capitalist economies.(Carty and Smith, p. 6) On the other hand, supporters of foreign aid contend that aid should be increased in volume, improved in quality and supplemented by new aid giving mechanisms. (Carty and Smith, pp. 5-6) Others insist that aid should be given only when it produces immediate results to the Canadian economy, hence the concept of tied aid.(Government of Canada, Strengthening Canada Abroad, p. 35)

However, by ignoring the historical facts of colonialism and neo-colonialism and the multiple relationships beyond aid between the North and the South, opponents of foreign aid believed that the Third World problems exist because of its populations' breeding habits and its lack of individual or racial ambition. These streams of thought are reflected in most educational literature on international development and in the reports of several parliamentary committees.(Government of Canada, International Development Report to Parliament of the Standing Committee on External Affairs and National Defence, pp. 6-10)

Be that as it may, it must be made clear that underdevelopment did not just happen suddenly, and it is not a problem solely generated within the Third World. Exploitation by the rich and industrialized countries have created it and stifled the development possibilities of the underdeveloped countries. Furthermore, poverty in the Third World is the result of the colonial and neo-colonial era when political subjugation was replaced by economic domination. "The Third World is trapped in the poverty cycle, not because western countries have failed to commit their capital overseas, but because they are continually draining massive amounts of capital from the South."(Carty and Smith, p. 11) In addition, most of the Third World countries depend heavily on the sale of their primary commodities, like bauxite, copper, coffee and sugar that are sold at unstable and usually very cheap prices while the developed countries sell their manufactured goods and technology at very high prices. Also, the major international lending and trading institutions, including the World Bank, the IMF and GATT are all controlled by the wealthy countries, led by the United States.

However, the above caveats should not be used as excuses to justify poverty in the Third World, but rather to urge donor countries to meet the 0.7 percent of their GNP target set for foreign aid over two decades ago by the United Nations.(Government of Canada, Parliamentary Task Force on North-South Relations, p. 36) As mentioned earlier, the concept of foreign aid and development assistance is not new, but the reasons given for it have been many and varied. Some have argued that it is a way to promote international trade. Others have seen it as a means to win friends, gain influence and frustrate adversaries. Still others want Canadian aid to promote their particular interests or values in the Third World.

In light of these different views, the Government of Canada in the mid 1970s has stressed repeatedly that job creation, export promotion and foreign policy issues were important objectives of the country's foreign aid program. (Government of Canada, Foreign Policy for Canadians, pp. 10-13) As a result, Canada's bilateral or tied aid was directed to countries which offered export potential for Canada and not to the poorest countries with the greatest need and capacity to use aid effectively for development. (Wyse, p. 9) National self interest has dictated a set of political and economic rather than humanitarian objectives. As a matter of fact, government officials have stated openly that aid can, and indeed must, first of all serve Canadian purposes. "The government believes that development objectives can complement and reinforce other Canadian objectives in the developing countries." (Government of Canada, Foreign Policy for Canadians, p. 12)

Many foreign aid experts have argued that political objectives, among others, have prompted Canada's original involvement with foreign aid, and remain a dominant factor in the development of CIDA programs. They include distinctively Canadian goals, as well as those common to all advanced capitalist powers. Canadian aid giving was initiated as an anticommunist weapon in the Cold War. It continued as an established pattern of international relations, thus providing a mechanism through which Canada could gain prestige and influence among Third World leaders. Policy makers believed that aid could influence and persuade the leaders of the Third World into adopting favourable economic and political policies toward Canada, support the west in the Cold War, recognize Canada and not Quebec as a sovereign state, sign the nuclear non-proliferation treaty, refrain from nationalization of Canadian assets and not to form producer

cartels or support international terrorism.(Government of Canada, Strategies for International Development Cooperation, p. 4) The government also believed that influence acquired through aid could "foster harmonious and fruitful relationships between nations"(Government of Canada, Strategies for International Development Cooperation, p. 17) and to strengthen and improve participation in multilateral forums such as the United Nations. (Government of Canada, Foreign Policy for Canadians, p. 10)

Canada's policy on economic relations with the Third World has not lived up to the rhetoric of its leaders or the self image of many Canadians. The facts are clear, aid based on Canada's self interest has failed and, in many cases, has discouraged and created uncertainty and confusion for many Third World nations. Canada's foreign aid is seen by many in the Third World as identical to the major industrial powers, because of its colonial ties with Britain and its present economic and political links with the United States. In supporting this view, Professor Stephen Triantis said, "We are no more independent in our aid policy than we are in our defence policy."(Triantis, p. 14) Indeed, it is surprising to learn that government documents as well as some senior Canadian diplomats have made it abundantly clear that Canada's neutral reputation is now almost shattered and the self interest motive of its foreign aid program have failed to increase the country's influence and image in the Third World. "Experienced Canadian officials tend to be skeptical about the correlation between aid and influence ... Canadian diplomats, including those with experience within the United Nations, report little success in enlisting support from recipient countries."(Lyon and Ismael, p. xxxix)

This thesis puts forward the argument that Canada's tied aid policy, coupled with its selfish nature and motives have failed to improve the lives of the poor in the Third World. The study is a policy analysis of the objectives of Canada's foreign aid program since its creation in 1946.

HOW THE THESIS IS ORGANIZED

Chapter 1 traces the history of Canada's foreign aid program since its inception in 1946 to the emergence of the Third World. More specifically, it explains the reasons for the creation of the Colombo Plan and analyses the policies and objectives that led to the creation and development of Canada's foreign aid programs. It also focuses on the emergence, characteristics and problems of the Third World and the final section of the chapter explains why foreign aid is needed to help the poor and underdeveloped nations of the South.

Chapter 2 takes an internal approach to the motives of Canada's foreign aid program. There are a number of motives for foreign aid, but particular attention is paid to the humanitarian, self-interest, economic, political and foreign policy motives as Canada seeks influence among the periphery states. The reasons for foreign aid have been many and varied but, in this chapter, the argument is confronted squarely as to the real motive behind our aid policy. Though this analysis focuses on Canada, it has wider relevance to the issue of aid and development in the Third World. Canada, like other donor countries, is perceived by the Third World as using aid to enhance its domestic political and economic interests.

Chapter three looks at the administration aspect of Canada's foreign aid program - CIDA. To understand the impact and significance of Canada's bilateral aid programs, the regions of Asia, Africa, the Caribbean and Latin America are analysed separately. The aim is to provide a clear understanding of how these programs are administered by CIDA. CIDA's success or failure in meeting its objectives is gauged by reviewing the development and nature of its aid programs in each region. Also, in this chapter, the Tanzanian National Milling Corporation (TNMC), is used as a case study to show what CIDA's flawed aid policies have done to this poor country.

Chapter four examines the various types of Canadian aid and concludes that aid in most cases benefits Canada and other donor countries more than the recipient countries. In this chapter, Canada's bilateral aid, multilateral aid, food aid, Technical and Educational assistance as well as its Financial aid programs, such as loans and grants, are analysed in the simplest but most brutal form to show how Canadian tax dollars are spent to help the less fortunate peoples of the world.

The conclusion, Chapter 5, is concerned with the selection criteria for aid recipient countries. It criticizes the way Canada selects countries for aid, and suggests that Canadian foreign aid is the politics of deception because neither the self interest motives nor Canada's foreign policy interests are emphasized by Canadian politicians and aid officials. This myth is explored thoroughly to show how politicians have deceived Canadians into believing that aid has increased Canada's image and influence in the Third World.

The fact is that aid was, and still is, a humiliation, a sign of national weakness for the proud and nationalistic leaders of the Third World. The manner in which aid is given even worsened the situation. Most of the leaders of the Third World remember their abhorrent colonial status and see aid as a form of compensatory transfer payment owed to them by the rich nations. They blamed the West for their economic woes and called for a New International Economic Order (NIEO) to redistribute the world's wealth more equitably among nations. The insistence by the federal government for Canadian aid administrators to participate in the identification, implementation, monitoring and evaluation of aid projects was not only insulting, but was also regarded as domestic interference by the leaders of the Third World. The underlying assumption by Canada's policy makers is that Third World governments were incapable of managing their own affairs effectively.

Under these circumstances, it was unrealistic for the Canadian government to use aid to win confidence among the leaders of the Third World. Their legitimacy would have been undermined and their hold on power weakened. The thesis explains how Canada, one of the architects of the Colombo Plan, and once the most trusted country not only by the developing countries, but also by the developed countries, by the United States and Europe has failed to maintain its trust. Its foreign aid program, once the source of such promise for the world's poorest people, has been a disappointment since the 1970s.

The thesis also emphasizes the common status of the underdeveloped nations as being dependent on the developed world. In defining the problems of the Third World, both the dependency theory and the conspiracy

theory are applied to show how the Third World became dependent on the developed world, and how the developed world conspired to thwart Third World development through a structured process of exploitation, domination and control of the major financial institutions. Throughout the thesis, attempts are made to show how the theory of trickle down economics that was supposed to improve Third World development, instead enhanced the wealth of the western capitalist powers. In part, the failure of trickle down economics, coupled with the tied aid policies of the rich countries, increased Third World debt which subsequently increased poverty, hunger, malnutrition, disease and ignorance in almost all of the poor countries. Through critical examination of theoretical approaches, the thesis conveys the reality of Canadian aid to the Third World and the complex of interests that determine it.

CHAPTER 1

THE EVOLUTION OF CANADA'S FOREIGN AID PROGRAM TO THE THIRD WORLD

Foreign aid probably defined as the more or less voluntary transfer of resources from one country to another for the stated purpose of benefiting the recipient is classified as humanitarian aid. It includes money, goods and services that both private organizations and governments give to help the less developed nations fight poverty, disease, and ignorance. Humanitarian aid is also given to help other nations which had suffered devastation due to war or natural disasters, such as floods, earthquakes, hurricanes, or epidemics. One of the most pressing needs for humanitarian aid was during and after World War II, when the United States and Canada among others provided food, medicine, clothes and shelter for millions of people in Europe and Asia.

However, since the start of the Cold War in the late 1940s, foreign aid has become an important part of foreign policy for many nations. The governments of many countries give aid to support three foreign policy goals the promotion of peace and security in and among nations, increase international trade, and to achieve political objectives. Canada, like other developed countries, is no exception to these principles.

Historically, Canadian bilateral aid to the Third World began with the Colombo Plan in 1950 as a series of emergency measures to support the free enterprise economies of the newly independent states of Asia against the spread of Communism.

(Carty and Smith, pp. 27-28) Like the Marshall Plan, the Colombo Plan was viewed as a reaction to special circumstances and was generally regarded strictly as temporary arrangements. Federal government officials assumed that "Aid to Asia would last no more than two or three years." (Spicer, p. 95) However, foreign aid, which began as a temporary measure in Asia, survived to become permanent in reality by the late 1950s due to the rapid decolonization of Asia, Africa and the Caribbean. Since then, external assistance has become a major institutionalized factor not only for Canada but also for the entire world. (Fromm and Hull, p. vii).

As early as 1949, the Canadian government realized that the newly independent states of Asia were faced with a crisis situation. The threats of mass poverty, starvation, disease and early deaths became more explicit. During the 1950s, these threats became a common pattern in the Third World as Britain, which had suffered extensive damages during the Second World War, began to dismantle its empire in Africa and the Caribbean as it had done earlier in Asia. Moreover, the British had hoped that Canada, which had suffered no domestic damages and became rapidly industrialized during the war, would influence and support these new states against the socialist bloc.

Responding directly to the threats of hope and fear, the Canadian government allocated \$109.54 million in aid to Asia between 1950 and 1955. In 1960, aid to Asia increased to \$219.48 million, but the bulk of these resources went to India and Pakistan because these countries were considered to be the key areas in the escalating Cold War. (Carty and Smith,

p. 29) Meanwhile, a second challenge was taking shape in the Caribbean after the dissolution of the West Indies Federation in 1962. (Wallace, pp. 269-288) The aim of the federation, to which Canada had given two large passenger ships, was to maintain inter-island political and economic cohesion and thus prevent the spread of communism in the region.

As a result, the Canada-West Indies aid program was launched in 1958 with \$10 million over a five year period. Of this amount, \$.87 million was allocated for Technical Assistance and over \$1 million went to the West Indies Educational Fund which provided 250 scholarships annually for students from the region to study in Canada.(Briant, p. 25)

Canada's aid program to Africa also began in 1958 with technical assistance to Ghana to recognize and honour the country's independence celebrations.(Carty and Smith, p. 56) Strong urgings from Britain against the spread of communism in Africa convinced Ottawa that aid was needed to maintain stability in the region. Like Asia, the fear and hope idea was used to justify aid to Africa by the Secretary of State for External Affairs, Sidney Smith, who in 1957, warned the members of Parliament that "unless Canada stepped into the breach these underdeveloped countries ... may be prone to accept blandishments and offers from other parts of the world."(Government of Canada, House of Commons Debates, Vol. iv, p. 4016) With its single focus on Ghana, the Canadian aid program expanded to all the Commonwealth countries in Africa with the creation of the Special Commonwealth African Aid Program (SCAAP) in 1959(Government of Canada, Canada's Official Development Assistance Program, p. 21) in which \$10.5 million was donated over a three year period, (Briant, p. 25)

Canada's first bilateral assistance to Francophone Africa began in 1961 under the program for Independent French-Speaking African States.(Government of Canada, Canada's Official Development Assistance Program, p. 22) The allocation of only \$300,000 for Francophone Africa out of the 1963-1964 bilateral aid budget of \$50 million angered many prominent Quebecois who argued for aid parity between Commonwealth and Francophone Africa. (Spicer, p. 57) In 1960, Andre Laurendeau of Le Devoir, one of Montreal's French newspapers, said that "le Commonwealth n'est pas toute l'humanité ... il existe des pays sous-développés où la langue de communication est le français Il y a là une question d'égalité et de justice."(Laurendeau, p. 4) Later that year, his colleague, Jean-Marc Leger, asked,

Pourquoi serait-il impossible que le gouvernement central décide une fois pour toutes de tenir compte de la situation particulière résultant pour le Canada de sa bi-ethnicité? Et, chaque fois où dans le cadre du Commonwealth un programme quelconque d'assistance est instituée, d'y joindre un programme analogue en faveur des nombreux Etats de langue française.(Leger, p. 4)

Undoubtedly, the rise of nationalism in Quebec during the 1960s have forced the Pearson administration to allocate \$4 million worth of bilateral aid to Francophone Africa in 1965. (Armstrong, p. 46) However, the turning point for aid parity programs between Anglophone and Francophone Africa can be traced to the visit of France's President Charles De Gaulle and his "Vive le Quebec Libre" speech in Montreal in 1967. De Gaulle's speech was not only offensive to Ottawa, it led to the exclusive invitation of Quebec to the Education Ministers meeting in Libreville, Gabon in 1968.(Armstrong, p. 46) The dispatching of Trudeau to Africa by Prime Minister Pearson or the offer to

Quebec to head Canada's delegation to the meeting by the federal government failed to win an invitation for Canada.(Armstrong, p. 46) As was expected, an embarrassed and bewildered Lester Pearson suspended diplomatic relations with Gabon to warn other Francophone states in Africa that Canada would not recognize them if they chose to recognize Quebec as a sovereign nation.(Carty and Smith, p. 59) These events, among others which are discussed in Chapter 3, led to the development of a comprehensive aid program of over \$40 million for Francophone Africa in 1968.(Freeman, p. 802)

It was no surprise that the Latin American countries were the last in line to receive Canadian aid. Canada's reluctance to aid Latin America was in part due to the American interests and protectionist policies in the region. Canada seemed content to aid countries with which there is a language affinity and, since Spanish is the dominant language in Latin America, aid for the region was not considered a priority for the Canadian government. The Cuban Revolution of 1959 changed these established reasons as the United States pressured Canada to join the Organization of American States (OAS). Washington felt that Canada's influence and economic responsibility in the region would help to forestall other revolutions and stop the spread of Communism.

Frustrated by Canada's refusal to aid the region, U.S. Senator Wayne Morse in 1963 told the U.S. Senate Committee on Foreign Relations that "Canada is not willing to participate at all in...economic aid to Latin America...We must say to these other countries we have to cut back until you come in and do your share. "(United States Government, Senate Hearings,

1963, p. 490) None of these arguments bore fruits until November 1963 when the Canadian government donated \$10 million a year to Latin America in the form of long term, low interest loans through the Inter-American Development Bank (IDB). (Government of Canada, Canada's Development Assistance to Latin America, Briefing Paper, No. 5, 1973)

Throughout the 1950s, economic and political considerations have dominated Canada's post war aid programs while the humanitarian and charitable motivations became secondary, useful only to arouse sentiments among Canadians. By the late 1950s, it became increasingly clear that large scale aid was needed to help the less fortunate people in the Third World. As a consequence, the Canadian government in 1960 created the External Aid Office (EAO) and the External Aid Board (EAB) to help the Ministries of External Affairs, Finance and Trade and Commerce meet the growing needs of external assistance. (Government of Canada, Canada's Official Development Assistance Program, p. 21)

It is at least true to say that Canada's post World War II aid program to the less developed countries was to build stable societies and economies capable of self sustained growth. But after the first two decades of Canadian aid, more than one billion people in approximately 120 countries continue to face massive starvation, poverty and disease. Needless to say, their plight was told in 1968 by Robert McNamara, President of the World Bank who said,

It is the very poorest countries, countries that collectively contain a billion human beings, which face the bleakest prospects - prospects of virtually no increase at all in their desperately low per capita incomes for the rest of the decade. This stagnation does not mean inconvenience, or

a minor sacrifice of comfort, or the simple postponement of a consumer satisfaction. It means struggling to survive at the very margin of life itself.(Roche, p. 24)

By the mid 1960s, the demands for foreign aid became greater as more and more countries in Africa and the Caribbean attained self rule. At the same time, interdepartment influence began to impede the effectiveness of Canada's foreign aid program. Policy makers believed that the aid program should be coordinated by one central agency or department in order to meet the growing demands of the Third World. Consequently, the Canadian International Development Agency (CIDA) was created in 1968 to meet these challenges.

Since 1950, Canada has been a leader in her efforts to assist the less fortunate peoples in the Third World but, throughout the years, most of Canada's aid was and is still tied to the purchases of Canadian goods and services. Table 1-1 on pages 25,26 and 27 gives the total amount and the particular forms of Canadian aid dispersed between 1950 and 1964. By far, the largest part was given as grants under the Colombo Plan which was Canada's first aid program for helping the less developed countries.

THE ORIGIN OF THE COLOMBO PLAN

Shortly after World War II, the dismantling of the empires began in Asia with the attainment of self rule by India, Pakistan, Ceylon, Burma and Indonesia between 1947 and 1949.(Nelson, p.3) The struggle for political independence had in many ways dominated the political life of these countries. Moreover, their leaders believed that political independence

would give them firm control over their countries' economy and natural resources and thus enable them to solve their economic problems.

As it turned out, independence in itself solved none of their economic woes, and indeed, by 1950, it became quite obvious that their standards of living had deteriorated and were even lower than what they were before the Second World War. In part, this was attributed to the consequences of the war as well as to the significant increase in the population. Consequently, poverty, starvation, disease and illiteracy, coupled with an average life expectancy of twenty years and an average income of fifty dollars a year, became the standard in most of the countries in Asia.(Brewin, p. 304)

In one form or another, these chaotic conditions have been debated since 1946 by politicians and social scientists who argued that unless drastic and positive measures were taken to promote economic development and improve the living standards of the people in the region, more deterioration would occur. They also warned the Western nations that continued neglect would make it impossible to sustain the growing populations of Asia even at the low levels to which they were accustomed.(British Information Services, The Colombo Plan, p. 2) However, more severe warnings came from Prime Ministers Nehru of India and Ali Khan of Pakistan who in almost identical words said that "world peace cannot be maintained for long unless the Western powers assist the people of Asia in raising their living standards."(Brewin, p. 305)

By 1949, the threat of communist expansion into Asia became more real due to Mao Tse Tung's guerilla triumphs in China coupled with an imbalance

and inherited trade system, a chronic shortage of foreign currency, the development in the United States of synthetic substitutes, a ten percent increase in population and a four percent decrease in food production.(Brewin, p. 305) In this context, Canada's Secretary of State for External Affairs, Lester B. Pearson, on his return from Asia in 1950 told his colleagues in the House of Commons that,

the centre of gravity in international affairs had moved to Asia. Russian communist imperialism is desperately trying to win power over the millions of Asia by allying itself with the forces of national liberation and social reform. There is no more important question before the world today than the possibility of communist expansionism spilling over into Southeast Asia as well as into the Middle East. (Brewin, p. 305)

In the light of both these speeches, external aid seemed to be a positive and practical device for securing world peace and preventing communist expansion.

Not surprisingly, there was a growing belief among the Western powers that a similar program like the Marshall Plan would help the poor people of Asia. It was generally agreed, however, that the initiative of all economic plans for Asia must come from the countries to be aided. The aftermath of colonialism have created a widespread suspicion of white superiority in the region, therefore aid programs controlled or directed by the West would be regarded as a new and subtle form of imperialism. "No foreigner, even under the auspices of the United Nations can hope to formulate or execute over-all development programmes for underdeveloped areas."(Brewin, p. 305)

Indeed, the task of developing the economies and raise the living standards in Asia had proved even more formidable than what was expected in 1950. Uncertainties of the weather, outbreaks of civil strife, inflation, shortages of skilled personnel and low incomes created massive unemployment, starvation and epidemics in the region.(Brewin, pp. 306-307) In the face of so many difficulties, a flexible and realistic aid program had to be developed and implemented to sustain economic growth and improve the living standards of the poor people of Asia.

Deeply concerned with their plight, President Truman, in his inaugural address on January 20, 1949, told Americans that,

We must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas....We should foster capital investment in areas needing the development. Our aim should be to help the free peoples of the world through their own efforts to produce more food, more clothing, more materials for housing, more mechanical power to lighten their burdens. We invite other countries to pool their technological resources in this undertaking.(Brewin, p. 311)

A year after these brave and encouraging words were spoken, Percy Spender, then foreign minister of Australia proposed the idea of the Colombo Plan at the Commonwealth foreign ministers meeting at Colombo, Sri Lanka in January 1950. The countries represented were India, Pakistan and Ceylon from within the region and Britain, Canada, Australia and New Zealand from outside the region.(British Information Services, The Colombo Plan, p. 2) As Table 1-2 shows, contributions and allotments under The Colombo Plan

amounted to almost \$465 million by March 31, 1964 but the bulk, more than 80 percent of the total amount, went to India and Pakistan.

The principle of the Colombo Plan was almost ideal for the region in that it enabled member countries to help one another through the exchange

TABLE 1-1

**Canada's External Aid, 1950-64
(millions Canadian \$)**

	<u>Total to March 31, 1964</u>
1. Economic Aid Programs	
(a) Bilateral	
Colombo Plan	464.67
Canada-West Indies Aid Program	9.45
Commonwealth Technical Assistance Plan	0.54
Commonwealth Scholarship and Fellowship Plan	2.89
Special Commonwealth Africa Aid Program	7.14
French Speaking African Educational Assistance	<u>0.54</u>
Total	485.24
(b) Multilateral	
UN Technical Assistance(EPTA)	21.73
UN Children's Fund (UNICEF)	8.60
UN Special Fund	11.37
Miscellaneous Grants	<u>0.51</u>
Total	42.21
Total Economic Aid	527.45

TABLE 1-1 (Continued)

**Canada's External Aid, 1950-64
(millions Canadian \$)**

	<u>Total to March 31, 1964</u>
2. Special Aid Programs	
(a) Refugees	
Hungarian Refugees	4.32
IRO, UNREF, and UNHCR	15.35
Palestine Refugees(UNRWA)	0.45
Far Eastern Refugees(ICEM).....	16.22
Tubercular Refugee Program (WRY)	<u>0.51</u>
Total	36.85
(b) Other	
UN Korean Reconstruction Agency	7.75
Wheat/Flour to India, Pakistan & Ceylon	34.96
Miscellaneous Relief(in Kind)	16.52
UN Fund for the Congo	0.99
World Food Program	<u>2.75</u>
Total	62.97
Total Special Aid Programs	99.82

TABLE 1-1 (Continued)

**Canada's External Aid, 1950-64
(millions Canadian \$)**

	<u>Total to March 31, 1964</u>
3. Loans and Advances	
Colombo Plan Countries for purchase of Canadian Wheat and Flour	34.97
UN for Suez Canal Clearance (Special Aid)	1.00
International Finance Corporation (Economic Aid)	3.52
International Bank for Economic Reconstruction and Development (Economic Aid)	9.79
International Development Association (Economic Aid)	<u>32.80</u>
Total Loans and Advances	82.08
TOTAL	709.35

Source: Government of Canada, External Aid Office, Ottawa, 1964.

TABLE 1-2**Colombo Plan****Allocations as of March 31, 1964
(\$ millions)**

<u>Country</u>	<u>Total 1950-64 Allocations</u>
Burma	4,206,000
Cambodia	116,000
Ceylon	23,886,000
India	235,662,000
Indonesia	2,603,000
Malaysia	9,146,000
Nepal	60,000
Pakistan	153,326,000
Thailand	85,000
Viet Nam	706,000
Indus Basin Fund	13,109,000
Mekong River Scheme	1,300,000
Multi-Country Projects	620,000
Technical Assistance	17,518,000
Reserve Account	<u>2,331,000</u>
Totals	464,671,000

Source: Government of Canada, External Aid Office, Ottawa, 1964.

of ideas and experience as well as through the provision of many forms of capital and technical aid. Despite some difficulties, the Colombo Plan has been the source of much progress achieved within the region since 1950 and it was the symbol of hope and aspiration for the peoples of the region for

more than a decade. Its full title is The Colombo Plan for Cooperative Economic Development in South and South East Asia.

THE POLICIES AND OBJECTIVES OF CANADA'S FOREIGN AID PROGRAM

"A sound foreign aid program would recognize that foreign aid is not only to improve economic and social conditions in the Third World, but is an investment in people in foreign countries to develop their ability to produce to sell and to buy in an integrated and expanding world economy."(Briant, pp. 33-34)

Throughout the 1950s, it became clear that external assistance from the rich and industrialized countries would be required to help the poor and underdeveloped countries of Asia, Africa, Latin America and the Caribbean. The horrors of colonialism coupled with rapid population growth, political and natural disasters have led to the economic collapse of more than 100 countries with a total population of almost 3 billion people in the Third World.(Kegley Jr. and Wittkopf, pp. 80-81) This significant development in the Third World have convinced scholars of international relations that the economic collapse of the less developed countries would be disastrous for global peace and stability, harmful to the prosperity of the developed world and offensive to the conscience of the rich nations.

Canada did recognize the problems of the Third World and immediately launched her development aid programme in 1950 with the Colombo Plan. Canada's unprecedented response to Third World challenges has not been

the work of one party or one administration. Aid to the less developed countries began with the Liberal government under Prime Minister Mackenzie King and, despite some setbacks by the Conservative government in the late 1950s, Canada's aid program expanded under the leadership of Prime Ministers Pearson and Trudeau.

For Canada, foreign aid means many things involving such activities as disaster relief, missionary enterprises, postwar rehabilitation, aid to refugees, trade expansion, foreign investments, political and domestic interests and development aid to help the poor countries. The facts are the less developed countries are large and small, old and new, rich and poor in physical resources. They also differ in customs, traditions, religions, sense of unity and character of leadership. Some are already well on the road to development, while others have barely started. (Spicer, pp. 79-89)

The process of giving aid to these countries raises many different policy issues for Canada and the developed countries, ranging from the direct questions of how, where, how much and on what terms, through to the less evident issues created by national sensitivities and pride of sovereignty, to the uncomfortable uncertainties about the development process itself. What then are the policies governing Canada's foreign aid program? The answer is, there are many. Foreign aid has never been directed to Third World countries solely to assist their longer-term development and to promote structural change. There is substantial agreement that foreign aid promotes a variety of interests in donor and recipient countries. (Young, p. 29)

Since 1950, Canadian policy makers have developed aid policies to serve and to reflect the full range of Canada's interests in the developing countries. These are domestic economic and political, humanitarian and foreign policy interests.(Young, pp. 28-29) This multipurpose nature of aid is a major cause of uncertainty and confusion of Canadian aid policy. "Aid has been conceived as a self sufficient technical enterprise covering a multitude of disparate objectives and activities, responding haphazardly to all sorts of demands, sound or unsound, unrelated or only by accident related to the political purposes of foreign policy."(Morgenthau, p. 301)

Initially, the objectives of Canada's aid policy were to stop the spread of communism in Asia, reduce world tensions and to maintain a free multiracial commonwealth. These policies continued in Africa, the Caribbean and Latin America but as poverty and instability increased in the southern half of the globe, broader objectives were sought. The government stated that aid would be given to help the poorest people in the Third World meet their basic human needs, promote international trade, create jobs for Canadians, influence recipients' foreign policy views and attitudes toward Canada and increase peace and stability within and among nations.(Spicer, pp. 15-17)

These aid policies were affirmed in 1957 by the Minister of Citizenship and Immigration, Mrs. Ellen Fairclough, who told a U.N. Committee that "The Canadian Government has been motivated by moral, political and economic considerations, responsibility to the less fortunate, the safeguarding of peace and world prosperity, including our own."(Government of Canada, Standing Committee on External Affairs, p. 85) During the same year, Dr. Sidney Smith, the Secretary of State for External Affairs characterized Canada's

aid grants as "helping hands that could both undermine the seedbeds of unrest and ... war, create good customers and provide much opportunity for Canada."(Canada House of Commons Debates, Nov. 26, 1957, p. 1516)

These speeches were the heart of Canada's aid policies which were formulated by the House of Commons Standing Committee on External Affairs in cooperation with the Departments of External Affairs, Trade and Commerce, Finance and the Bank of Canada. (Spicer, p. 248) However, in 1968, the Departments of Agriculture, the Treasury Board Secretariat and CIDA were added to the policy making process in order to advance Canada's tied aid policies in the rapidly expanding developing countries.(Wyse, p. 26)

During the mid 1970s, Canada's aid policy was officially governed by the Strategy for International Development Cooperation under CIDA which emphasized the government's commitment to transfer resources to the poor countries in support of their capacities to engineer their own development.

If the elimination of widespread endemic poverty is to be the ultimate result, then the objective of a development assistance program must be to support and foster the growth and evolution of the social, educational, industrial, commercial and administrative systems of the developing countries ... and thereby improve the quality of life in these countries.(Government of Canada, Strategy for International Development Cooperation, p.23)

The Strategy also stated that foreign aid would be related to other national Canadian objectives and compatible with the broad goals of Canadian foreign policy.(Government of Canada, Strategy for International Development Cooperation, p. 23) a subtle way of promoting Canada's

domestic and international interests overseas. Indeed some of these interests and objectives of Canadian concerns are employment, regional development, the promotion of national unity and the continuation of tied aid.(Wyse, pp. 17-18)

In October of 1984, the British Broadcasting Corporation (BBC) television program "Hell on Earth" edited by Michael Buerk brought Canadians face to face with famine in Africa with pathetic words such as "death is all around, a child or an adult dies every 20 minutes, the situation is out of control."(Buerk, BBC Television Program, "Hell on Earth") Haunting images from Ethiopia did not only describe hell on earth, but awakened Canadians to the cruel reality of global poverty. In addition, a large increase of torture and repression, epidemics, desertification and ecological degradation in the Third World brought significant changes in Canada's aid policy. New aid policies were again developed to deal effectively with the problems and opportunities presented by a complex, varied and increasingly sophisticated Third World. According to CIDA officials, Canada's Official Development Assistance strategy is "to create a fresh policy well-matched to the altered state of the world in the late 1980s ... a policy clear eyed and far sighted enough to guide Canada's efforts in the years leading to a new century. Canada's new strategy needs to take into account not only the broad and sweeping changes that have transformed the Third World, but some quite specific lessons learned from events in Africa."(Government of Canada, Sharing our Future, p. 16) With this new approach all developing countries will be eligible to receive aid through multilateral institutions and organizations but government to government assistance will be limited to countries based on

Canada's concerns and interests. (Government of Canada, Sharing our Future, pp. 27-28)

These include the giving of aid to alleviate global poverty and to strengthen links with the developing world which are important to Canada and Canadians as well as to promote and protect human rights. The basic policy of human rights protection is that aid will not be given to Third World countries where violations of human rights are systematic, gross, and continuous and where there is no guarantee that aid would reach the people for whom it is intended. However, in times of extreme hardship, such as famine, epidemics or civil war, the people of all developing countries will receive aid, including those with oppressive regimes. The intent of the policy is to ensure that Canadian aid does not lend legitimacy to repressive regimes, and that victims of human rights violations are not doubly penalized by being deprived of needed help in addition to being deprived of their fundamental rights.(Government of Canada, Sharing our Future, pp. 31-32)

Women are half the world's population, but they account for two thirds of its work hours, receive one tenth of its income and own less than one hundredth of its property.(Government of Canada, Sharing our Future, p. 43) Despite their many chores in the work place, women are also responsible for virtually all of the domestic work, including child care, nursing and the preparation of meals. Their task is not easy, especially given the erosion of traditional support systems that for generations held families together. In some developing countries, up to half the households are headed by women, poverty has forced their men to migrate in search of work. In recognizing this problem, the Government of Canada in 1984 adopted a

Women in Development (WID) policy to help women take part in, and benefit from, Canada's development assistance program. (Government of Canada, Sharing our Future, p. 43)

Under the WID policy, all development project must significantly benefit women if it is to be approved. "CIDA supports projects developed by and for women ... especially at the grass roots level. The aim is to empower women to build better lives, to take part in and to benefit more fully from the wider development process."(Government of Canada, Sharing our Future, p. 43)

Until recently, environmental issues were not taken seriously in development planning. Soil erosion, and land degradation, deforestation, fuel wood shortage, excessive population pressure on the land and water shortage have threatened the economic development of many developing countries and the survival of their people. In many parts of the Third World, the victims of poverty destroy forests for fuel-wood and growing populations overwork marginal farmlands to stay alive. In short, environment crises imperil development and life itself. Consequently, in 1988, new aid policies were developed by CIDA which give priority to the concept of sustainable development.(MacNeill, Cox and Runnals, pp. 3-6) Under CIDA's new aid policy, the environment is a factor for Canada's bilateral assistance program as well as an integral part of all of Canada's international development planning. "The new strategy puts environmental concerns where they belong: at the heart of all development planning."(Government of Canada, Sharing our Future, p. 48)

For almost forty years, domestic economic and political, humanitarian and foreign policy issues have dominated Canada's foreign aid program. However, since the late 1980s, the emphasis is to strengthen the cause of human dignity and deepen international awareness of the principles of greater respect for human rights, to protect the environment and to support sustainable development in the developing countries.

Although Canada's foreign aid programs have helped to avoid total economic chaos and collapse, and assisted many nations in the Third World to maintain their independence and freedom, nevertheless, it is a fact today that many of the nations that received Canadian aid are not much nearer sustained economic growth than they were in 1950. Regardless of the reasons given by federal politicians and bureaucrats for Canada's aid policies, the truth is that tied aid has had an adverse impact on Third World development and undermines Canada's aid giving credibility among the leaders in the underdeveloped world.

THE EMERGENCE AND CHARACTERISTICS OF THE THIRD WORLD

Since the Second World War, the world has undergone a vast transformation as more than 100 new nations have come into being. An international system that had been centered on Europe for centuries, and that regarded all non-European areas as peripheral or as objects of rivalry, has become in an amazingly short span of time a truly global arena of sovereign states. (Kegley Jr. and Wittkopf, p. 69)

Between 1870 and 1900, the Western European nations, along with Japan and the United States divided the world into a series of overseas empires. By the outbreak of World War I in 1914, nearly all of Africa was under

the control of seven European powers, namely, Belgium, Britain, France, Germany, Italy, Portugal and Spain. Only Thailand, China and Japan in the Far East and the Pacific remained outside the direct control of Europe or the United States. In the Western Hemisphere, the United States acquired Puerto Rico from Spain and extended its colonialism westward to Hawaii and the Philippines, leased the Panama Canal and eventually exercised political leverage in the Caribbean islands, notably Cuba.(Easton, pp. 41-47)

By 1900, the British had the largest Empire with almost a quarter of the world's population and a fifth of the earth's land area.(Cohen, p. 30) World analysts have argued that the rush for colonies became a symbol of national power and prestige among the imperial powers. More so, it was to obtain cheap and raw materials to sustain their industrial growth, provide additional markets for their finished products and to supply outlets for their investments.(Cohen, pp. 34-35)

As the imperial powers competed for power and prestige in Asia, Africa and the Caribbean, their political domination led to economic domination and exploitation. Prior to World War I, Western Europe, North America, Australia and New Zealand became the industrialized societies of the North, thus giving rise to the gap between the rich nations of the North and the poor nations of the South as evident today. Following the war, the principle of national self determination espoused by President Woodrow Wilson in justifying American participation in World War I was incorporated in the Versailles peace settlement. This principle meant that nationalities would have the right to determine who should represent and govern them. This freedom of choice was to lead to the formation of nations and governments content with their

territorial boundaries and therefore less inclined to make war. However, this principle was realized only in Europe with the creation of six new states.(Kegley Jr. and Wittkopf, pp. 77-80)

During the depression years of the 1930s, the world was threatened by the expansionist drives of Germany, Japan and Italy, but their defeat in World War II altered this threat and provided the framework for national self determination in the colonial territories. Japan invaded the British, French, Dutch, the United States and Australian colonies in South East Asia and in the Pacific islands. Upon the withdrawal of Japanese forces, the Indonesians and Vietnamese refused to return to Dutch and French rule. Furthermore, the invasion of Belgium, the Netherlands and France by Germany coupled with allied slogans and aims provided a philosophical basis for national self determination. (Bennett, p. 329)

Like the League of Nations, the United Nations Trusteeship Council was mandated to help a number of territories that were colonies of the imperial powers achieved independence. With India leading the way in 1947, Pakistan, Burma, Ceylon and the Philippines also achieved their independence shortly after the war.(Bennett, p. 329) The rush to independence was so strong that by 1968, 66 new states were created, 15 became independent in the late 1940s mostly in Asia and the Middle East, 7 more were added in the 1950s, and 44 in the 1960s mostly in Africa.(Thorp, pp. 20-21) Almost all these countries skipped the intermediate stage toward self rule. In fact, the United Nations became one of the major forces after World War II to dismantle the empires of the imperial powers in Asia, Africa and the Caribbean as well as the Middle East.

Indeed, one of the most interesting developments related to the decolonization process has been the emergence of the Third World, the term commonly used today to describe the poor countries of the South is primarily a post World War II phenomenon. Although most Latin American nations became independent in the early 1800s, it was not until 1946 that the decolonialization process began for Asia, Africa and the Caribbean. By the 1980s, there were more than 100 new states (Erb and Kallab, pp. 135-136) with a combined population estimated to exceed 3.3 billion people. Nearly all of these new states were from the British, French, Belgian, Spanish and Portuguese empires.(Kegley Jr. and Wittkopf, p. 73) They comprise all of Asia and the Oceania, except Japan, Australia and New Zealand, all of Africa, except South Africa, and all of the Western Hemisphere, except Canada and the United States.(Kegley Jr. and Wittkopf, p. 70)

Grouping the countries of the Third World under one label can be misleading. The Third World includes, for instance, India, the seventh largest country in the world in area, and second in population after China down to Nauru, a Pacific island of 8 square miles and with a population of 8,000 people or Tuvalu, also a Pacific island of 10 square miles and with only 7,300 people.(The World Book Encyclopedia, Vol. 10, pp. 92-93; Vol. 14, p. 58; Vol. 19, p. 430) Some of these countries, such as Ethiopia, Haiti or Somalia, are extremely poor, whereas others, including Taiwan, South Korea and Singapore, have experienced prolonged economic growth higher than the recent growth rates of the developed North. Some oil rich states such as Saudi Arabia or Kuwait are among the largest donors of foreign development assistance. Moreover, great differences in size, per capita income, education and experience led to various political institutions that governed

them, ranging from monarchies to dictatorships to democracies. While some are stable, others have been plagued by corruption and instability. (Kegley Jr. and Wittkopf, p. 72)

Despite this diversity, the Third World countries identify with one another and have joined to pursue common objectives because of their relative poverty, their shared history of colonialism, and their search for freedom from their political and economic dependency of the North. Independence meant only a shift of political responsibility from the metropolitan power to the native elites, some of whom were educated in the West and embraced western values as goals for their own societies. Members of these elites had to develop new political, economic and social institutions in order to deal with poverty, hunger, disease and illiteracy while at the same time maintain order, in spite of the many divisive forces - tribal, religious, linguistic and regional which were kept submerged by their colonial masters. In short, the leaders of the Third World had to manage the internal affairs of their countries, maintain relations with other countries and participate as full members in international organizations such as the U.N.

These were the challenges faced by many inexperienced leaders of the Third World whose economy is based on agriculture. Constant borrowing and unable to repay the international financial institutions such as the International Monetary Fund (IMF), the World Bank and other regional banks are the trademarks of these nations. Today there is still no other way other than borrowing that will ensure the survival of the Third World.

In part, these factors led to the characterization of the Third World in the late 1960s as backward nations, undeveloped, underdeveloped, then developing and since the 1980s Less Developed Countries (LDC). In reality, these countries are poor, they were left behind by the accelerating economic progress and sustained growth of Western Europe and Japan after World War II and the continuing economic strength of the United States. Whichever data are used to define these countries, be it Gross National Product (GNP), net per capita income or the amount of energy per head of population, a similar pattern emerges that reveals a startling imbalance in the distribution of the world's wealth and ultimately the dreadfully wide gap in living standards between the richest and poorest countries on earth.

THE PROBLEMS FACING THE THIRD WORLD

Forty years have passed since the signing of the United Nations Charter launched the effort to establish a new international order. Today, that order has reached a critical turning point. Its hopes of creating a better life for the whole human family have been largely frustrated. It has proved impossible to meet the inner limits of satisfying fundamental human needs. On the contrary, more people are hungry, sick, shelterless and illiterate today than when the United Nations was first set up.(Erb and Kallab, p. 170) In varying degrees, Third World nations are characterized by poverty, disease, hunger and a lack of hope. Their societies are vastly different from the opulent and affluent societies of those nations that once and perhaps still control them. Poverty remains persistent and pervasive and continues to deprive millions of people of such basics as food, water, housing, health and health care, education and employment in the Third World.

In the late 1950s, it was believed that once the developing countries had achieved independence, they would become full and equal members of the international community. Their leaders in winning independence promised a better life for their people, but they soon realized that freedom brings responsibility and does not automatically bring economic improvement and prosperity. The Bretton Woods conference of 1944 and the 1947 General Agreement on Tariffs and Trade (GATT) were designed to provide open and expanding trade, free movement of investment capital and technology, the availability of raw materials and international cooperation between the developed and less developed countries. (Bennett, pp. 225-227) The intent of these agreements was that some of the increased wealth of the rich nations would trickle down to help in the economic development of the poor countries, hence the trickle down theory.

Instead, the international systems of commerce (Bretton Woods and GATT) perpetuated the economic strength of the rich countries. The nations of the Third World were confronted with a tariff system with low tariffs for raw materials and high tariffs for industrial products. The net result is that the poor countries received low prices for their primary commodities while having to pay much higher prices for manufactured goods from the industrialized nations. (Singer and Ansari, pp. 5-9) In addition, the international credit and financial institutions remained firmly in the hands of the wealthy nations, particularly the United States and Western Europe. Also, the diversified aid programs that were set up during the 1950s to help the poor nations, in effect perpetuated their dependency on the rich countries. In many Third World countries, aid is a disguise for the continuing practice of the small number of

industrialized nations to accumulate more wealth and to control technology as well as the international systems.

This indeed has been a common pattern throughout the Third World where there are still many major obstacles to economic development. Investments made by transnational companies with the aim of making a profit and not of developing a given population; the repatriation of profits from the very poor countries; price-fixing on the international market; withdrawing or withholding credits; embargoes; economic sanctions and the Western monopoly on financial services are some familiar examples. With 15 percent of the world's population, the industrial nations have over 70 percent of its income and wealth.(Singer and Ansari, p. 12)

This unequal distribution of wealth has since 1950 widened the poverty gap between the rich and poor countries. In 1850, the poverty gap was two to one; by 1950, it was ten to one and by 1960, it was fifteen to one. At the current rate, the poverty gap is expected to increase to thirty to one by the year 2000. This means that an average American income of \$4,100 in 1970 will increase to \$10,000 by the year 2000; whereas an Indian's \$90.00 average income will increase to only \$215, a ratio in this particular case of nearly fifty to one.(Brown, pp. 42-43) Other estimates have shown that the 1975 per capita GNP of \$382 in the developing countries will increase to only \$587 by the year 2000, while that of the developed world will rise from \$4,325 to \$8,485.(The World Bank, The Global Report to the President, p. 16)

Development strategists have contended that narrowing the economic gap between the rich and poor countries requires that the poor continue to

grow economically more rapidly than do the rich. As shown in Table 1-3, only twenty two out of the 143 developing countries fit this requirement on the

TABLE 1-3

The Gap Between Rich and Poor Nations: Can It Be Closed?

Country	GNP per capita, 1975 (1974 U.S. \$)	Annual growth rate, 1960-1975 (%)	No. years until gap closes if 1960-1975 growth rates continue
OECD countries	5,238	3.7	-
Libyan Arab Republic	4,675	11.8	2
Saudi Arabia	2,767	8.6	14
Singapore	2,307	7.6	22
Israel	3,287	5.0	37
Iran	1,321	6.9	45
Hong Kong	1,584	6.3	48
Korea	504	7.3	69
China (Taiwan)	817	6.3	75
Iraq	1,180	4.4	223
Brazil	927	4.2	362
Thailand	319	4.5	365
Tunisia	695	4.2	422
Syrian Arab Republic	604	4.2	451
Lesotho	161	4.5	454
Turkey	793	4.0	675
Togo	245	4.1	807
Panama	977	3.8	1,866
Malawi	137	3.9	1,920
Malaysia	665	3.8	2,293
Papua New Guinea	412	3.8	2,826
China,			
People's Republic of	320	3.8	2,900
Mauritania	288	3.8	3,224

Source: David Morawetz, Twenty-Five Years of Economic Development, 1950 to 1975 (Washington, D.C.: World Bank, 1977), p. 29; published for the World Bank by the Johns Hopkins University Press.

basis of their performance from 1960 to 1975. Even if these rates remain constant, only a few of these twenty two nations has a chance of closing the gap within a reasonable time. For most, the process will take literally hundreds or thousands of years.

As mentioned many times before but still bears repeating, poverty, high rates of population growth, low levels of income, technological dependency and the dominance of agriculture are some of the major problems facing the Third World. In the 1960s, high population growth was identified as the single most important factor for the widening gap between the rich nations and poor. It means that the poor countries will have a larger proportion of young people in their societies and it will cost more to raise a new generation.

Few will disagree that low income levels are the principal characteristic that distinguishes the Third World from the First and Second Worlds. Indeed, low levels of income create poor economic and social conditions and thus prevent the poorer countries from accumulating enough wealth to reinvest in their future economic growth. Even worse, the dependence on agriculture in most Third World countries has made their economies susceptible to climatic conditions beyond their control. Overall, agriculture production accounts for about 40 to 50 percent of GNP in the poor countries, while in the rich countries the ratio is 5 to 10 percent. Furthermore, estimates have shown that almost 70 percent of the total population of a poor country is engaged in agriculture while in the developed and industrialized countries, the number is between 10 and 15 percent.(See Table 1-4)

Interestingly though, technological dependence has become a major factor for most Third World nations in that they have been unable to develop

Table 1-4 Resource Dependence of Selected Developing Countries

Economies	Agricultural Production as a Percentage of GDP		Employment in Agriculture as a Percentage of Total Employment		Exports of Primary Products as a Percentage of Total Exports	
	1965	1986	1965	1980	1965	1986
LOW INCOME						
Burma	35	48	64	53	99	87
China	39	31	81	74	54	36
India	47	32	73	70	51	38
Indonesia	56	26	71	57	96	79
Sri Lanka	28	26	56	53	99	59
Ethiopia	58	48	86	80	99	99
Ghana	44	45	61	56	98	98
Kenya	35	30	86	81	94	84
Nigeria	53	41	72	68	97	98
Tanzania	46	59	92	86	87	83
MIDDLE INCOME						
Bolivia	23	24	54	46	95	98
Colombia	30	20	45	34	96	82
Costa Rica	24	21	47	31	84	65
Thailand	35	17	82	71	95	58
Senegal	25	22	83	81	97	71
Zimbabwe	18	11	79	73	71	64
INDUSTRIAL MARKET						
Canada	6	3	10	5	63	36
Japan	9	3	26	11	9	2
Spain	15	6	34	17	60	28
United States	3	2	5	4	35	24

Source: Compiled from World Bank, World Development Report, 1988, Oxford University Press, 1988.

technology appropriate to their own resource endowments. Imported technology from the developed nations has often failed to relieve the burdens of unemployment and underemployment. Instead, it creates a greater demand for capital and weakens the demand for labour, which is relatively abundant in the Third World. In most cases, imported technology from the developed countries are designed to meet the needs and solve the problems of those countries, and therefore, weakens efforts to achieve self reliance. It also represents a misdirection and waste of resources in the developing countries.(Singer and Ansari, p. 50) It is a fact that the poorer nations need research to design simple products, to develop production for smaller markets, to improve the quality of and to develop new uses for tropical products, and above all to embark on production processes which utilize their abundant labour.

Research has shown that almost all world expenditures on science and technology take place inside the richer countries. Of the \$150 billion U.S. that is spent annually on research and development (R&D), one third is spent in the United States, Western Europe and Japan account for another third, and about 30 percent for the Soviet Union and Eastern Europe. The remaining 4 percent is spent in the developing countries in which three quarters of humanity lives.(Norman, p. 14) These startling results reflect how technological development is monopolized by the Western powers. As a consequence, the developing world will continue to depend on imported and often inappropriate technology for its economic development. Thus the problems faced by developing nations can be characterized as a series of vicious circles, none of which seems capable of being broken because they are closely intertwined with so many intractable problems in the Third World

itself as well as their dependency on the rich and powerful countries, particularly the United States.

Many theorists, particularly from the Third World, have argued that the developed countries are responsible for the persistent economic and social problems of the Third World. They attribute the causes of underdevelopment to the dominance and dependency that typify the present international economic relations between the rich nations and poor, rather than to the indigenous characteristics of Third World societies themselves. They concluded that the present global system for distributing wealth is inequitable, and the poverty of the poor is the result of their exploitation. Similar conclusions have been reached by many of the dependency and conspiracy theorists.

Some of the dependency theorists attribute the underdevelopment of Third World economies to the predominance of external influences transmitted to poor countries by the international capitalist system. They contend that external factors are some of the main causes of internal inequities. For example, consumption patterns stemming from high technology, and the production of luxury goods create a class in the developing nations that identifies with foreign interests rather than with its own society's needs. They blame the international power relationships for most of the economic ills of the poor countries and argue that Third World poverty is the result of colonialism, and overpopulation is the result of poverty which leads to dependency.

Similarly, many conspiracy theorists contend that underdevelopment

in the Third World is directly linked with the prosperity of the rich countries which conspired to pay cheap prices for raw materials and labour in the poor countries. Moreover, the developed world monopoly over the major trading, credit and financial institutions is viewed as a wilfull attempt to halt development and block the evolution of the less developed countries. The conspiracy theorists argue that not only do the rich countries have the audacity to consider the Third World underdeveloped when in fact it is rich in values and cultures, they have deliberately and systematically exploited them and prevented them from developing an adequate economic base.

However, many of the dependency and conspiracy theorists have insisted that internal obstacles are, to some extent, responsible for the social, economic and political problems of the Third World. They have concluded that a lessening of dependence on the industrialized countries required better international bargains, improved management of local resources and significant social and economic changes within the Third World. (Berger, pp. 217-221) Today, more aid is needed than ever before to meet the basic needs of almost three quarters of the world's population in the underdeveloped countries. But it must be genuine aid, free of commercial and political interests and directed towards development.

THE NEED FOR FOREIGN AID

In 1949, more than half of the world's population lived in countries where the average income level was less than \$100 per person per year. In concrete terms this poverty usually means chronic malnutrition, a heavy

incidence of debilitating diseases such as malaria, sleeping sickness and yellow fever and little access to education. It was obvious from these facts that aid was needed to ensure the survival of millions of people in the poor countries. The spirit of survival in the Third World was eloquently expressed by a Bengali doctor who told CIDA's President Gerin-Lajoie that "We know our problems; we have also learned the solutions. If you wish to help us gather our strength and rebuild our pride, stop crying over our dead. But rather, in a brotherly spirit, provide us with the resources which we might use to ensure our development in our own way."(Roche, p. 80)

The post war era which began in 1946 created a host of nation states in Asia, Africa and the Caribbean. Emancipation from alien rule was accompanied by economic retardation. Most of the new states were faced with conflicting political, sectional, cultural and social pressures as well as more tangible problems of lack of skills, inadequate institutions, scarce resources, population pressures an unstable climate as they try to build viable nations. On the economic side, the lack of technology, low income levels, shortages of fuel, inflation, the new economic forces of the transnational corporations and the unbalanced trade system have led to the delineation of the developing world.

Since 1928, the population of the world has increased by more than 150 percent, from 2.1 billion in 1928 to 5.3 billion in 1990. Most of this increase is taking place in the developing world, which already contains three quarters of humanity.(The World Book Encyclopedia, Vol. 15, pp. 597-598) It is almost the unanimous belief that population growth is responsible for the poverty of the developing world. The fact is that the roughly three quarters of the world's

people who live in the South account for only about one fifth of the world's aggregate gross national product, whereas the North with only a quarter of the population account for 80 percent of the world's goods and services. More specifically, the United States with only 6 percent of the world's population, consumed about 40 percent of the world's raw materials and energy outputs.(Kegley Jr. and Wittkopf, p. 81) This implies that a baby born in the United States or Canada, where the population problem is less visible, will consume thirty to fifty times the resources and energy in his or her lifetime as one born in the highlands of Bolivia.(Kegley Jr. and Wittkopf, p. 81) Table 1-5 shows the discrepancies by region in the distribution of the world's people and its wealth.

Therefore, the problem in the developing world is not population as such. Rather it is extreme poverty perpetuated by the control which the developed world exercises over the bulk of earth's wealth and resources. Most of the developing countries have argued that poverty must be eradicated because it is the main cause of rapid population growth. Slums, shanty towns and squatter settlements have become more prevalent in the Third World as a result of poverty.

The economic collapse of the developing countries is rooted in the colonial past, characterized by centuries of uninhibited exploitation of their natural resources. In 1946, one of the principal objectives of Third World development was to close the gap between the rich nations and poor. Forty-five years later, the gap is greater than ever before and growing rapidly. The trickle down theory has been explored and the result is the poor have not

TABLE 1-5

**The Geographic Distribution of World Population and Per Capita
Gross National Product, 1980**

Region or country	GNP per capita 1980 (U.S. \$)	GNP 1980 (millions) (U.S. \$)	Population mid-1980 (millions)
North America	11,460	2,883	252
Japan	9,020	1,054	118
Oceania	7,810	176	23
Europe, excluding Eastern Europe and USSR	7,966	3,314	416
Eastern Europe and USSR	5,452	2,044	375
Middle East	5,790	220	38
South America	2,070	487	236
Central America, including Mexico	1,740	193	111
Africa	760	350	459
Asia, excluding Japan and Middle East	330	718	2,193

Source: Adapted from the 1983 World Bank Atlas (Washington, D.C.: World Bank, 1983), pp. 14-22, except the data for Eastern Europe and the USSR, which are from the U.S. Arms Control and Disarmament Agency, World Military Expenditures and Arms Transfers, 1971-1980 (Washington, D.C.: ACDA, 1983), p. 34.

benefited from the gains of the rich. In fact, they were severely hit with food shortages, higher food prices, rising costs for petroleum and a huge increase in the cost of fertilizer. The extra cost of oil imports alone in 1974 estimated at \$10 billion wiped out all the aid developing countries received in 1973.(Roche, p. 35) As a result of the phenomenal rise in oil prices, the bulk of foreign exchange earnings of most Third World countries are used for oil imports. India, for example, is using almost 80 percent of her export earnings for that purpose.(Erb and Kallab, p. 11) A vivid example of the widening

poverty gap between the rich nations and poor can be traced to 1950. Of the nearly \$1.4 trillion of global production in 1950, about \$1.1 trillion was in the rich countries and about \$260 billion in the poor. By 1970, production in the rich countries increased by \$1.8 trillion, while the poor countries had added only \$480 billion.(United States Government, Agenda For Action, p. 103)

In addition to these grim facts, various estimates have shown that foreign aid can help to alleviate the suffering of the poor. In 1960, the Stanford Research Institute estimated that \$17.5 billion was needed annually to achieve a growth rate of two percent in the Third World; but the Third World could generate only \$7 billion annually, thus leaving a deficit of \$10.5 billion. United Nations experts also estimated that \$19 billion was needed annually to sustain a two percent per capita income in the Third World. They revealed that the total domestic savings of the Third World was estimated at \$5.3 billion, again leaving a deficit of almost \$14 billion.(Briant, p. 3)

It is clear from these figures that external assistance is required to help the developing countries reach the point of self sustaining growth. Moreover, if there is any final proof of the inhumanity of the growth ethic that has dominated the developed nations of the West, it is the fact that 14 million children die each year of malnutrition, 800 million people are living in conditions of absolute poverty and more than two and a half billion are deprived of the basics of life while the rich nations get richer.(MacNeill, p. 6)

This means that of every ten children born into poverty, two die within a year, and another dies before the age of five, and only five survive to the age

of forty. It also means that only four will complete three years of primary school and that many will die from common childhood diseases. For example, a case of measles is two hundred times more likely to kill a child living in absolute poverty than a Canadian or American child.(Government of Canada, Parliamentary Task Force on North-South Relations, p. 10) Furthermore, life expectancy in the developed world is about twenty years longer than that in the developing countries. Infant mortality rates in Asia and Africa exceed 110 per 1000 live births compared with 17 in the developed world. In the 1980s, it was estimated that some 112 million dwellings in the Third World were overcrowded and twice as many, or over two-thirds of all units, were without running water or electricity.(Economic Council of Canada, For a Common Future, p. 20) In 1980, a UNICEF report revealed that it will take only \$20 billion a year out of the world's total annual income of \$7 trillion to save the lives of the 14 million children who die from starvation each year.(United Nations, Year Book, 1980, pp. 24-26) The situation is even worse today. A new UNICEF report for 1992 estimates that it will now take US \$25 billion to save the lives of four million children and reduce child poverty by half in the Third World.

These stunning facts are a clear indication that aid is needed because hundreds of millions of people in Asia, Africa and Latin America are deprived of life's basic necessities that no set of statistics can accurately describe. The truth is that poverty in the underdeveloped world is an intolerable assault on human dignity and decency. Malnutrition, disease, illiteracy, unemployment and early death coupled with overpopulation, uncontrollable inflation and shortages of foreign currency pervade these nations. International experts have argued that while the rich nations, particularly the United States, make

contacts with distant planets and squabble over gasoline prices, the poor cannot afford even fertilizer. It is a scandal beyond belief, but the insensitivity of the rich nations toward the poor is the greatest scandal of all on planet earth.

The situation became so unbearable that a desperate plea for aid came directly from Robert McNamara, then President of the World Bank who in 1973 said that "All that is required to assist these peoples so immensely and less privileged is a simple willingness to dedicate a tiny percentage of the additional wealth that will accrue to the developed nations over the next five years."(McNamara, Address to the Board of Governors of the World Bank) McNamara also insisted that investment in the well being of the poor is probably the best economic investment a country or the world can make.

It used to be said that lack of capital was the chief obstacle to economic growth. But we now know that capital formation explains less than one-third of the variations in growth rates among developing countries; human resource development explains a great deal more. Investment in the human potential of the poor, then, is not only morally right, it is very sound economics.(McNamara, Address to the Board of Governors of the World Bank)

And so the principal social issue in the world today is that the developed world must help to save the developing world from suffering and hopelessness. It is a need that must be urgently met if we are truly our brother's keeper.

CHAPTER 2

THE MOTIVES AND INTERESTS BEHIND CANADA'S FOREIGN AID PROGRAM

During the last four decades, foreign aid has become a solidly established part of Canadian public policy. Canada was propelled into developing aid programs to help the underdeveloped world by its own inclination, by international pressures mainly from the United States, Britain and the United Nations. For Canada, the concept of giving aid was new and the feeling of obligation to help the less fortunate people in the developing countries was strong. Current Canadian aid programs have evolved from the immediate and urgent need of the post war era to help the countries of Latin America and the newly independent countries of Asia, Africa, the Caribbean and the Middle East.

In principle, most of these countries were either neutral or closely aligned to the West, but they were not interested in the Cold War which dominated the international scene. Instead, their burning need and desire was economic development and social progress to relieve the appalling poverty that have plagued their nations for centuries. Moreover, their leaders were eager to convert their countries into political and economic self reliance.

However, in 1960, it became increasingly clear that large scale development assistance was needed to help almost 50 percent of the people in Asia, Africa, Latin America and the Caribbean, whose per capita incomes were below \$75 annually.(Fishlow et al, pp. 176-187) As unsuspected political and economic interests sneaked in as foreign aid

demanding policies that were persuasive, influential and flexible enough to accommodate all the interests and emotions of the less developed nations. Like most Western countries, there are three major motives behind Canada's foreign aid program. They are economic, humanitarian and political.

Since 1950, economic considerations have dominated Canada's foreign aid program in that it promoted international trade and created jobs for Canadians.(Anglin, p. 201) External aid has been beneficial to Canadian farmers because it is a convenient method of disposing of surplus food products. According to government officials, the purpose of aid is to maintain export markets for Canadian products, help to provide employment for Canadian manpower and resources and to assist the newly independent states during their transition period so that they can become good customers and suppliers in the future.(Anglin, p. 201) Foreign aid was of "particular interest to Canada, because it gives promise, in the long run, of the development of important new markets and the opening of new resources of raw materials, food and manufactured articles."(Anglin, p. 202)

Over the years, foreign aid has become a major instrument of Canada's foreign policy throughout the underdeveloped world. In many countries, it is the primary instrument relied upon to promote Canadian interests. As a foreign policy instrument, aid is used to influence recipients foreign policy views and attitudes toward Canada, support the West in the Cold War and reduce instability in the Third World. Aid is also used to promote global peace and security as well as to reduce physical threats to Canadian interests overseas.(Wyse, pp. 15-17) It is obvious that foreign aid is used in a variety of ways to assist Third World development where the outcome appears

important to more lasting Canadian interests. For most Canadians, development assistance in the Third World is an investment in our shared future, because rapid population growth, technological revolution, environmental concerns and economic dependency have brought all the people in the world closer together.(Government of Canada, Canada's Overseas Development Assistance Program, p. 5)

In many ways, the motives of Canada's aid programs are closely related, but they are treated separately in the following sections in order for one to have a better understanding of each of them, as well as their effectiveness.

HUMANITARIAN MOTIVE

In Canada, humanitarian concerns are the traditional basis of public support for foreign aid. Undoubtedly, most Canadians feel that reducing poverty and hunger in the Third World is the most serious problem facing the world today. Public response to the famine crisis in Africa in 1984-85 showed that Canadians still have a strong and sustained desire to help the poorest people and countries overcome poverty and build better lives. "Canadians care deeply about destitute people around the world, and are eager to help them overcome poverty and build better lives."(Government of Canada, Canada's Overseas Development Assistance Program, p. 5)

Half of the world's destitute people are in South Asia, a sixth in East and Southeast Asia, and another sixth are in the sub-Saharan Africa. The rest, about one hundred million people, are in Latin America, North Africa and the

Middle East.(Government of Canada, Sharing our Future, p. 23) The absolute poverty in which literally millions of people continue to live manifests itself in the material deprivation of such basics like food, water, housing, education, employment and health care. Poverty is inequity in opportunities, in the distribution of benefits of growth and social justice as well as the underdevelopment of human potential.

Indeed, the support for humanitarian aid is overwhelming among Canadians who regarded it as a moral obligation for the rich to help the poor. Canada's commitment to help stop the vicious cycle of poverty, hunger and illiteracy in the less developed countries is the humanitarian rationalization for its foreign aid programs. It is the motive most often expressed in public statements to international agencies such as the United Nations. In many ways and on different occasions, humanitarian motives tend to move Canadian leaders and politicians to eloquence. Supported by a plethora of writings, conferences, speeches and organizations, both public and private, humanitarian aid is now for most Canadians a dogma criticized only by the cynical, the ungenerous, or the very poor.

The public support for Canadian humanitarian aid was expressed by Sidney Smith, the former Secretary of State for External Affairs, who assured the Seattle Colombo Plan Conference in 1958 of "the continued warm support which public opinion in Canada is giving to the policy of the Canadian Government to cooperate with the less developed countries"(British Information Services, The Colombo Plan, p. 80) His successor, Mr. Howard Green, told the House of Commons in 1961 that the aid programme was "supported by Canadians from coast to coast. Since I have been Minister ...

I have heard very few complaints about Canada supplying aid." (Government of Canada, House of Commons Debates, Sept. 11, 1961, p. 1896)

Since 1958, every political party in the House of Commons has stressed its moral commitment for humanitarian aid to help the less fortunate people in the developing world. Such moral commitments were often echoed by Prime Ministers and opposition leaders. In 1959, Prime Minister Diefenbaker told Malaysians living in Canada that "each of us regards the other as his brother's keeper... the first responsibility of each of us is to assure...that men everywhere may have something of the better things of life."(Government of Canada, Statement and Speeches, No. 59/13, pp. 3-4) He also said that

the good citizen and the good nation must recognize his obligations to the broad community of man While we have our duty to ourselves and our special relationship to our families and our neighbours, more and more, we, as Canadians and as citizens of the world, must seek to share the problems of every continent.(Government of Canada, Statement and Speeches, No. 59/103, p. 1)

Later, the Opposition Leader, Mr. Pearson insisted that humanitarian aid has attained the status of a sacred cow in Canada. In 1961, he emphasized in the House of Commons that "we help these countries because it is a good thing for us to do, it is a good thing for the peace of the world and because the world is one." Then, paraphrasing Abraham Lincoln, Pearson warned his colleagues in the House of Commons that "Indeed, the world cannot exist half poverty-stricken and half an affluent society." (Government of Canada, House of Commons Debates, p. 8199) Acknowledging the noble sentiments of his colleagues, Mr. Paul Martin, Liberal External Affairs critic in 1961 said that

"it is not without significance that one finds, apart from governments, writers, students and zealous individuals reminding us that in this kind of world we are indeed our brother's keeper "[Government of Canada, House of Commons Debates, p. 8192]

Rejecting the economic and political motives that crept into Canada's foreign aid program and calling for a return to the principles of the Christian idealism - the euphemism for humanitarian aid, Mr. Mitchell Sharp said that

There is one good and sufficient reason for international aid and that is that there are less fortunate people in the world who need our help The inspiration for what we do must be essentially humanitarian and unselfish. If it is not, if the primary purpose of our aid is to help ourselves, rather than to help others, we shall probably receive in return what we deserve and a good deal less than we expect."(Sharp, p. 47)

Clearly, since 1950, philanthropy, or feelings of human solidarity, appeared to be an obvious and not the main motive of Canada's foreign aid program. Such feelings probably have been the motive of private organizations and were not an important factor in government contributions toward economic development in the less developed countries. However, realistic politicians know that humanitarian motive is used as a disguise for the real motives of Canadian aid. It is a tested device for rallying popular acceptance in order to support the political and economic motives of foreign aid. Many prominent politicians, including Mitchell Sharp, have condemned these self interest motives and emphasized that "many of the troubles with which international aid is beset today may be laid to the fact that we of the free world are losing this humanitarian inspiration. We have got ourselves into

an international rat race using aid in an effort to win friends, influence customers and outbid the Communists." (Sharp, p. 47)

It is not difficult to understand that aid given on the basis of the humanitarian motive could have been and was labelled as 'charity'. However noble the humanitarian sentiment may have been expressed by politicians and business leaders, the leaders of the underdeveloped countries were not impressed by such aid. Moreover, this type of motive has seldom persuaded Canadians of the usefulness of aid except in times of crises such as epidemics, droughts, floods or famine conditions. (See Appendix A for a complete analysis of Canada's humanitarian aid between 1987 and 1990.) Given the selfish nature of the federal government, it is plausible to conclude that the motives of foreign aid are in Canada's national interests and not solely in the interests of underdeveloped countries as often espoused by Ottawa. The validity of this argument is evident in the alleged political and economic benefits of Canada's self interest motives which are described in the following sections.

SELF INTEREST MOTIVE

Over the years, national self interest rather than humanitarian motive has been the basis for Canada's overseas development assistance programs. The government has stressed that its foreign aid program is not only to help the underdeveloped countries through development and relief programs, but also to benefit Canada by providing foreign markets for its goods and services, create domestic jobs, assist farmers and advance Canada's foreign policy goals. In creating such mutual benefits both to Canada and the Third

World, foreign aid has dictated a set of political and economic objectives which are inseparable from each other. "Foreign aid is inseparable from the problem of power; and where there is power, politics is the governing factor; not an incidental factor which can be dispensed with." (Spicer, p. 13)

The policies and mechanisms for the distribution of Canadian aid have changed frequently during the past four decades, but the objectives remained basically the same. Almost all Canadian post war aid, whether credits to the Marshall Plan, relief for Palestine refugees, or financial assistance under the Colombo Plan, has had as one of its purposes the preservation or restoration of political and social stability. In a general sense, there has been widespread belief that the security of Canada is linked up with the economic well being of all peoples as well as to global peace.(Anglin, p. 202) Thus the real justification of all Canadian external aid is far more political than economic, as a result, these motives are explained separately.

POLITICAL MOTIVE - AID, AN INSTRUMENT OF FOREIGN POLICY

In 1950, political objectives were the main reasons which prompted Canada's involvement with foreign aid, and remain a dominant factor in the development of CIDA programs today. They include distinctively Canadian goals such as the promotion of national unity, as well as those common to all advanced capitalist powers. Foreign aid has often been heralded as a desire to extend and protect the democratic ideals and principles of life.

As a component of foreign policy, aid is used to influence recipients foreign policy views, their attitudes toward Canada, the reduction of world

tensions and the preservation of peace. During the Cold War era, aid was used to dissuade Third World governments from supporting the former USSR. This ideological conflict was perhaps the most important rationale at the time for foreign aid to the underdeveloped countries. This goal was positively expressed in the House of Commons in 1950 by Mr. Lester Pearson who said that "if Southeast Asia and South Asia are not to be conquered by Communism, we of the free democratic world must demonstrate that it is we and not the Russians who stand for national liberation and social progress."(Government of Canada, House of Commons Debates, Feb. 22, 1950, p. 131) However, as the Cold War abated, this goal became less important, but as recently as 1976, Canada's External Affairs Minister, Allan MacEachen, insisted that aid must be given to the Southeast Asian countries as a vital support for "the last bulwark against communism in this part of the world."(Toronto Star, Aug. 30, 1976, p. 9)

REDUCTION OF WORLD TENSION

Undoubtedly, the desire for peace and stability is the deepest foreign policy aspirations of most Canadians. Opposition to NORAD and NATO and the agonized reservation of political parties to approve nuclear arms for the Canadian army testified to the genuine concern for peace. Canada, like other developed western nations, realized that the North-South conflict is a threat to global peace and stability. The demands for a New International Economic Order (NIEO) by the less developed countries coupled with the OPEC oil embargo in 1973 stunned the industrialized powers and warned them that there were other powerful players in the international political arena. (Kegley Jr. and Wittkopf, pp. 105-106)

Since 1946, the intended purpose of aid is to increase the stability of the new nations and reduce the poverty gap between the rich nations and poor inherited by nature and a wicked colonialism. Almost two decades later, a striking correlation between poverty and instability led the United States Secretary of Defence, Robert McNamara, to acknowledge that

Roughly 100 countries today are caught up in the difficult transition to modern societies The sweeping surge of development has no parallel in history. It has turned listless areas of the world into seething cauldrons of change. On the whole, it has not been a peaceful process The years that lie ahead for the nations in the southern half of the globe are pregnant with violence Whether Communists are involved or not, violence anywhere in a taut world transmits sharp signals through the complex ganglia of international relations.(Nelson, p. 19)

Worried about the danger of the North-South conflict, similar views were expressed by Prime Minister Trudeau who in 1968 said that

In the long run the overwhelming threat to Canada will not come from foreign investments or foreign ideologies, or even - with good fortune - foreign nuclear weapons. It will come instead from the two-thirds of the people of the world who are steadily falling farther and farther behind in their search for a decent standard of living.(Sanger, p. 203)

Since the creation of the Colombo Plan in 1950, the Canadian government used aid in an effort to influence Third World governments and to generate a sense of good will towards Canada. As a result, more aid went to countries with favourable policies towards Canada and less aid to countries with unfavourable policies.(Wyse, p. 17) Moreover, the Canadian government believed that influence acquired through aid provided the means to foster harmonious and fruitful relationships between nations and enhanced the use

of international organizations such as the United Nations. In a bilateral context, the objectives were to convince Third World governments to sign the nuclear non-proliferation treaty, to respect the sovereignty of Canada's federal government, or to improve East-West relations. This view was shared by the Colombo Plan Administrator, Nik Cavell, who in 1955 said that "There is no doubt in my mind, but that our aid programmes are promoting better understanding, and increasing the contacts and thereby the friendship between East and West." (Wyse, p. 17) Similarly, a CCA spokesman in 1961 affirmed that "this type of assistance and a program of co-operation builds good will within and without the Commonwealth and is the sort of sound foundation to lay for the building of peace in the future." (Spicer, p. 35)

Although it is true that practically all government policies for giving aid derive from a variety of motives and circumstances, nevertheless, most Canadians recognized that the dominant reasons for providing foreign aid are political in nature. Very briefly, the contention is that by supporting neutral and, in some cases, democratic governments in underdeveloped countries, their survival without violence may be ensured. Consequently, the international climate will be more favourable to the political and security interests of the West, both in the long and short term, than if adequate foreign aid is not provided. There is, however, no assurance that these events will follow the course envisaged, it is indeed a calculated risk, but the failure to provide adequate aid could be even more disastrous. Furthermore, without generous assistance from the developed nations, it is claimed, that the underdeveloped countries would become anti-Western in outlook and totalitarian and aggressive in nature. (Spicer, p. 35) For many, external aid, like professional diplomacy, is indeed an instrument of foreign policy in that it

expresses Canada's will overseas. "Foreign aid reflected and reinforced the values, concerns and objectives of Canadian society."(Reuber, p. 16)

From the beginning of the post World War II aid program, a direct relationship was established between foreign aid and the political and economic conditions of the less developed countries. Differences of wealth between the North and the South are seen as a cause for great tension in international politics. Economic aid, it is argued, could stimulate economic growth, create political stability and thus find peaceful approach to international problems. It is also argued that contented countries do not start wars, but instead help to reduce world tension and maintain global peace.(Wyse, p. 15)

However, these arguments were ignored by Prime Minister Diefenbaker who increased Canada's military budget instead of aid in 1959 to strengthen the country's security. Surprised by such a move, opposition leader Lester Pearson said,

I think ... we can still do a great deal more, and I think we should do more, because after all \$40 million, \$50 million, or \$100 million which is wisely spent in economic assistance in the right places at this time might do more to increase stability and security in the world than spending \$100 million, or \$150 million on some forms of arms defence We can do more in the future than we have in the past in making this contribution, not so much to assist other countries but to assist ourselves; to assist security and stability in the world.(Spicer, p. 15)

Also deeply concerned about the plight of the poor people in the underdeveloped world and dissatisfied with Canada's increased military budget was Paul Martin who said that

none of us ... is pleased with the fact that we are spending more money on defence than we are in assisting underdeveloped countries. Indeed the whole effort in the disarmament debate ... is designed - ... to try to bring about, within conditions of security, a reduction in the conventional and nuclear arms to a point where we might hope to transfer expenditures into other areas Undoubtedly a way to promote peace in the world, among other ways, is to provide for an improvement in the standard of life of peoples in the world who do not enjoy our economic advantage.(Government of Canada, House of Commons Debates, Sept. 11, 1961, p. 8200)

In the light of both of these speeches, foreign aid seemed to be an unusually positive and practical device for reducing world tensions and securing global peace. However, by the late 1960s, tensions between the North and South reached its climax as the world's poor in Asia, Africa, Latin America and the Caribbean increased to more than 2 billion people whose GNP per person ranged between \$80 to \$100 U.S. a year.(Government of Canada, Special Committee on Defence, 1963, p. 246)

The threat of massive starvation in the Third World and the escalating world tensions during the 1970s led Prime Minister Trudeau to say that "It's in our national interest to reduce the tensions in the world, tensions which spring from the two-thirds of the world's population who go to bed hungry every night, the two-thirds of the world's population who are poor whereas the other third is rich"(Reid, p. 144)

THE DEFENCE OF DEMOCRACY AGAINST COMMUNISM

After World War II, the protection and advancement of pluralistic societies in Asia, Africa and Latin America was perhaps the most strategic reason for aid. Inspired by the successful Marshall Plan, most Western governments, including Canada, in 1950 viewed aid as the natural security of liberal democratic institutions. This became the central theme, a cardinal and indispensable objective of Canada's aid policy. As a factor of political and economic stability, Western aid was used to frustrate Communist doctrine and interests in the developing nations.(Reid, p. 145)

With the creation of the Colombo Plan in 1950, Canadian leaders and politicians proclaimed that foreign aid to Asia was to help maintain and protect their free and democratic institutions, hence their freedom. The Colombo Plan Conference report in 1950 stressed that aid to the Asian countries is "necessary to strengthen their free institutions and nothing could do more than their progress to strengthen the cause of freedom."(Spicer, p. 24)

Following his return from the Colombo Plan Conference, Lester Pearson warned members of the House of Commons that,

Communist expansionism may now spill over into South-East Asia as well as into the Middle East It seemed to all of us at the conference that if the tide of totalitarian expansionism should flow over this general area, not only will the new nations lose the national independence which they have secured so recently, but the forces of the Free World will have been driven off all but a relatively small bit of the great Eurasian land mass We agreed that the forces

of totalitarian expansionism could not be stopped in South Asia and South-East Asia by military force alone(British Information Services, The Colombo Plan, p. 1)

In subsequent years, the theme of fighting communism through aid was repeatedly advanced by politicians and government officials throughout Canada. In 1950, John Diefenbaker argued that "50 million dollars a year ... would be cheap insurance for Canada ... to halt Communism in Asia."(Government of Canada, House of Commons Debates, Feb. 22, 1950, p. 131) Mr. Donald Fleming, former Finance Minister, said in 1956 that "while the principal reason and motive for aid is humanitarian, nevertheless we have to bear in mind the strategic nature of Asia and the fact that Russia has its eyes on it as well."(Government of Canada, Reference Paper No. 60, 1950, p. 9)

Still more affirmatively, Mr. Lester Pearson, a strong opponent to communism, told the Standing Committee on External Affairs that "We feel that if you help these people to help themselves and to raise their standard of living, that in itself is a good way of stopping communism."(Government of Canada, Standing Committee on External Affairs, 1956, p. 137) Others, like the Colombo Plan administrator, Mr. Nik Cavell, echoing the policies of his political superiors, stated bluntly that Canada must help the people of Asia "if we want to keep them in the free world ... if we seek, whilst there is yet time to lay plans for a free world that will attract and not repel our free brothers in Asia, we can become so strong that the communist world will not dare attack us."(Government of Canada, Standing Committee on External Affairs, 1956, p. 28) Moreover, in a passionate plea for aid to help the poor people of Asia maintain their freedom, Mr. Cavell, using the notorious phrase of Confucius

said "An empty stomach does not dwell on high principles" and that " ... it is human freedom which will be at stake in Asia ... first must come enough food."(Government of Canada, Statements and Speeches, No. 52/52, pp. 5 and 11)

It is clear that the extracts from these speeches strongly emphasized that foreign aid above all other uses was employed to fight an all out economic war against Communism in Asia. Since the early fifties, Canada has often played surrogate for the United States and Britain in their struggle to maintain a free and democratic world. This role has led to the dispersal of Canadian aid to 85 countries in the developing world.(Towe,pp. 9-10) The Colombo Plan was conceived in 1950 to help the Asian countries, because Asia at the time, was the hottest spot in the escalating Cold War between the East and the West. This pattern was repeated on numerous occasions with the creation of the Commonwealth African and Caribbean programs where Canada replaced Britain as the donor country, and again in Latin America where Canada helped the United States contain the Cuban Revolution of 1959.

ECONOMIC MOTIVE

In Canada, during economic recessions, it is often claimed by politicians that aid brings economic benefits to donor countries more than the recipients'. These claims which are tacitly supported by the federal government have two major economic motives. As a short term motive, aid is used to stimulate the Canadian economy and, in the long run, aid leads to increases in Canadian trade.(Wyse, p. 17) During the late 1940s, the drive to guarantee western political dominance in the developing countries was

fuelled by the need to secure supplies of raw materials, new markets and investment opportunities. In the early years of the aid program, the Canadian government insisted that foreign aid is a direct investment in Canada's economy to create more jobs for Canadians as well as for the purchase of Canadian goods and services.

In supporting this view, the Secretary of State for External Affairs told the House of Commons in 1963 that "Our aid programs provide a stimulus to the domestic economy and contribute to a betterment of employment conditions, since the main part of our aid funds is spent in Canada to purchase Canadian goods and services"(Anglin, p. 201) Added to this self interest motive is the use of aid to promote Canadian trade. In the 1950s, more aid was given to the newly industrializing Third World countries because their markets were potentially far more important to Canadian exports than those of the least developed countries. This view was expressed by the Colombo Plan administrator who in 1956 said that "As these (recipient) people become more efficient, their needs increase ... so will their ability to buy. We are, I think, creating a market for ourselves in this area."(Government of Canada, House of Commons Debates, Nov. 14, 1963, p. 4718)

Likewise, in 1958, the Secretary of State for External Affairs, Sidney Smith, also affirmed that "as ... our joint programs bear fruit ... the demand generated by increases in national wealth in Asia will certainly provide a significant stimulus to world trade. In this, all countries, developed and less developed alike, may expect to participate and from it they may all expect to benefit."(Government of Canada, Standing Committee on External Affairs, 1956, p. 206)

The tacit claims that aid created jobs for Canadians and provided markets for Canadian goods and services was publicly justified by CIDA president, Michel Dupuy, in 1977 who said that,

sixty percent of our total aid budget is spent in Canada for goods and services provided in developing countries It is estimated that over 100,000 jobs can be related to our foreign aid program. The bilateral aid programs provide foreign markets for key Canadian industries and may sometimes represent a major source of contracts.(Carly and Smith, p. 42)

Moreover, since the 1970s, aid is used in a number of ways to secure orders for Canadian firms, particularly orders for capital goods. As a result, aid went to the countries with higher incomes as well as to those with large and capital intensive projects. Projects such as power installations or transportation were favoured because they utilized significant amounts of Canadian goods and services. Correspondingly, projects such as agriculture, health, education or mineral industries which required less goods and services were not favoured, even though these projects were beneficial to the poorest people.(Carly and Smith, p. 42)

As shown in Table 2-1, the richer countries with 1974 per capita incomes of more than \$400 received almost 22 percent of Canada's bilateral aid between 1976 and 1979. Jamaica, for example, received 46 times more aid per capita than India, even though Jamaica's per capita income was U.S. \$1,190 to India's U.S. \$140 in 1974. (Wyse, p. 9) Furthermore, the corrupt regime in Indonesia at the time showed little capacity to use aid effectively, yet it received over \$16 million per year from Canada between 1976 and 1979, mainly because of its trading potential. (Wyse, pp. 9-10)

TABLE 2-1

**Total and Per Capita Receipts and Per Capita GNP
for Countries Receiving Canadian Bilateral Aid
1976/77 to 1978/79**

Recipient Country	GNP per Capita 1974 US\$	Bilateral Aid Receipts (1976/77-1978/79) per Capita (1976 population figures) CAN \$	Total Bilateral Aid Receipts, (1976/77-1978/79) CAN \$ (millions)
Gabon	1960	5.24	2.62
Trinidad & Tobago	1680	.96	1.06
Portugal	1630	1.38	11.77
Malta	1220	.47	.14
Barbados	1200	53.60	10.72
Jamaica	1190	12.63	26.52
Surinam	1120	.08	.03
Brazil	920	.06	6.85
Costa Rica	840	.20	.40
Peru	740	.99	15.88
Algeria	710	.61	10.53
Malaysia	680	.56	6.92
Nicaragua	670	.44	.97
Tunisia	650	7.55	44.57
Dominican Republic	650	.36	1.75
Cuba	640	1.05	9.84
Guatemala	580	1.40	7.97
Mauritius	580	.66	.59
Zambia	520	7.22	36.84
Colombia	500	.81	18.65
Ecuador	500	.26	1.82
Guyana	500	11.05	8.84
Papua New Guinea	470	.04	.12
Cape Verde	470	3.40	1.02
Congo	470	5.86	8.21

TABLE 2-1 (Continued)

Recipient Country	GNP per Capita 1974 US\$	Bilateral Aid Receipts (1976/77-1978/79) per Capita (1976 population figures) CAN \$	Total Bilateral Aid Receipts, (1976/77-1978/79) CAN \$ (millions)
Ivory Coast	460	4.23	28.77
Ghana	430	4.40	44.45
Morocco	430	.72	12.85
El Salvador	410	.40	1.70
Guinea Bissau	390	.14	.07
Swaziland	390	10.54	5.27
Honduras	340	4.33	12.11
Mozambique	340	.80	7.44
Grenada	330	1.40	2.70
Philippines	330	.10	4.46
Senegal	330	5.84	26.27
Thailand	310	.07	3.21
Cameroon	300	5.44	35.38
Mauritania	290	7.64	9.93
Botswana	290	9.86	6.90
Nigeria	290	.20	12.69
Bolivia	280	.33	1.91
Egypt	280	.43	16.57
Togo	250	3.64	8.38
Uganda	240	.12	1.42
Sudan	230	.07	1.36
Central Africa Republic	210	.16	.29
Kenya	200	1.85	25.47
Sierre Leone	190	.10	.30
Malagasy Republic	180	.73	5.65
Gambia	170	6.72	3.36
Haiti	170	4.78	21.98
Indonesia	170	.36	48.34
Tanzania	160	4.66	72.72
Vietnam	150	.15	6.26
Zaire	150	.60	15.31
India	140	.27	169.93

TABLE 2-1 (Continued)

Recipient Country	GNP per Capita 1974 US\$	Bilateral Aid Receipts (1976/77-1978/79) per Capita (1976 population figures) CAN \$	Total Bilateral Aid Receipts, (1976/77-1978/79) CAN \$ (millions)
Lesotho	140	11.92	13.11
Malawi	130	7.45	38.02
Pakistan	130	2.65	192.41
Sri Lanka	130	4.69	65.72
Benin	120	3.23	10.33
Guinea	120	.22	1.01
Niger	120	3.72	17.47
Afghanistan	110	.38	7.39
Bangladesh	100	2.38	181.16
Burma	100	.39	12.10
Chad	100	1.17	4.81
Ethiopia	100	.06	1.84
Nepal	100	.50	6.48
Burundi	90	.03	.13
Somalia	90	1.27	4.07
Upper Volta	90	1.16	7.18
Mali	80	2.17	12.60
Rwanda	80	5.10	22.45
Laos	70	.76	2.58
Antigua	n.a.	n.a.	6.70
Belize	n.a.	n.a.	9.88
Dominica	n.a.	n.a.	2.52
Montserrat	n.a.	n.a.	.70
St. Kitts	n.a.	n.a.	.52
St. Lucia	n.a.	n.a.	3.57
St. Vincent	n.a.	n.a.	1.81

SOURCES: CIDA, Canada and Development Cooperation: Annual Report, 1978/79; North-South Institute, North-South Encounter: The Third World and Canadian Performance (Ottawa: North-South Institute, 1977).

In most cases, however, foreign aid is a convenient method of disposing of surplus Canadian products, notably wheat, which in effect helps Canadian farmers as well as the Canadian economy. By providing foreign aid, the Canadian government had hoped to foster closer relations with recipient countries, maintain and strengthen its bargaining positions as well as to increase the country's prestige and stature in the eyes of the world. It was also meant to be a cohesive force in the Commonwealth relationships and to enhance and protect Canada's security and national interests.

Canadian aid has always been designed to be of substantial direct help to Canada, and the mere fact that most of Canada's aid is tied reveals that Canadians are not as generous as appears on the surface. Aid based on Canada's self interest motive has not fostered, and in many cases, has discouraged a wise distribution of benefits among the developing countries. Finally, the self interest motive can be construed as a purely selfish and natural concern for the perpetuation of Canadian well being and high standard of living. However, neither the humanitarian motive nor the economic and political self interest motives as described can or will justify foreign aid unless both the donor and the recipient countries are satisfied with the planning and execution processes as well as with the practical results. Canada should give aid because it is needed and because it is right to help the less fortunate people in the underdeveloped world.

CHAPTER 3

THE ADMINISTRATION AND NATURE OF CANADA'S REGIONAL AID PROGRAMS IN ASIA, THE CARIBBEAN, AFRICA AND LATIN AMERICA

For five years following the Second World War, Canadian aid went through the multilateral channels of the United Nations and its specialized agencies. During this period, there was neither a central Canadian office to receive and process requests for aid nor were there any aid policies. Requests for aid from the UN were processed by the Department of Finance and the Bank of Canada as well as by various ministries based on their specialization. For example, the Food and Agriculture Organization (FAO) dealt directly with the Ministry of Agriculture.(Spicer, pp. 93-94)

The creation of the Colombo Plan in 1950 was Canada's first dispersal of bilateral aid to help in the development of countries where industrial prosperity was, at best, a distant prospect. For a decade, the responsibility for aid was divided among the ministries of Finance, External Affairs and Trade and Commerce which promoted different and at times conflicting goals. Such divided authority created difficulties in planning long term goals for foreign aid. With the dismantling of the British empire in the Caribbean and Africa, the Canadian government was asked by the British to support the newly independent nations of these regions as was the case with Asia.(Carty and Smith, pp. 28-29)

The growing threats presented by Third World poverty and dependency ended the confusion among the three ministries responsible for aid with the

creation of the External Aid Office (EAO) in 1960.(Spicer, p. 108) The launching of the EAO and its direct accountability to the Minister of External Affairs prompted Keith Spicer to say that "the Cabinet recognized aid as a momentous activity of long-range Canadian diplomacy."(Spicer, p. 107) However, instead of focusing on aid policies to help the poor countries, the EAO was subjected to an internal crisis over its own staffing. The principal argument was that there was an inadequate number of French officers in the EAO. The number of French Canadian officers in the EAO officer staff was eight, out of fifty six, and they were lower in ranks compared to the English officers.(Spicer, p. 114) Despite the learning and using of French by the English officers, the EAO was unable to design an adequate educational and technical assistance programme for the French speaking countries. (Spicer, p. 114)

However, by 1963, the EAO initiated an aid program for Francophone Africa, designed to inhibit Quebec's ambitions for bilateral international relationships. The EAO also extended aid to Latin America in 1964 and increased Canada's development assistance significantly to reach a total of \$558.39 million in bilateral grants and loans in 1965.(Government of Canada, CIDA Annual Report, 1965, pp. 16-30)

By the late 1960s, a number of changes took place which forced the developed western nations to expand and accelerate their foreign aid programs. First, the rapid decolonization process of the 1960s created a host of new nation states and large scale poverty and dependency followed thereafter. Second, the United Nations launched its second International development Cooperation decade and, using the new concept, "Official

Development Assistance", asked the rich and developed countries to increase their aid budgets to 0.7 percent of their GNP to meet the growing needs of poverty in the underdeveloped world.

More importantly, with the election of Pierre Trudeau as Prime Minister in 1968, the External Aid Office was expanded and renamed the Canadian International Development Agency (CIDA). Trudeau, a strong advocate of foreign aid, restructured CIDA by consolidating its various operating divisions within a single branch. Headed by Maurice Strong, a former Power Corporation executive, CIDA expanded rapidly and by the mid seventies it had 980 permanent employees as well as 1,988 overseas personnel.(Government of Canada, CIDA Annual Report, 1975, pp. 13-19) In short, under Pierre Trudeau's leadership, Canada's foreign aid program became more proactive in character rather than its reactive nature. "Instead of relying entirely on passive response to requests from nations overseas, task forces were sent abroad to make on the spot assessments of overseas needs in strategic economic areas."(Government of Canada, CIDA Annual Report, 1967, p. 24)

In 1973, CIDA's new President, Paul Gerin-Lajoie, realized that the agency policies were tilted toward economic development and growth rates and not on the social development of the world's poor, ordered an "intensive and extensive review of Canadian international development programs, policies, and procedures."(Government of Canada, CIDA Annual Review, 1973, pp. 3-11) From the review, a five year development plan known as Canada, Strategy for International Development Cooperation 1975-1980 emerged in 1975. The Strategy pledged to redirect Canadian aid programs

to assist the poorest countries of the world and also reaffirmed its determination and commitment to achieve the official UN target of 0.7% of GNP.(Government of Canada, Strategy for International Development Cooperation, p. 24)

If the elimination of widespread endemic poverty is to be the ultimate result, then the objective of a development assistance program must be to support and foster the growth and evolution of the social, educational, industrial, commercial and administrative systems of the developing countries ... and thereby improve the quality of life in these countries. The Government regards the economic and social development of the developing countries as the primary objective of the Canadian developing assistance program.(Government of Canada, Strategy for International Development Cooperation, p. 23)

In a moving speech to the Canadian Jewish Congress in 1974, Trudeau expressed his genuine concern and care for the less fortunate in the Third World by saying that if "Canada's presence in the world was to be judged by a single criterion", he hoped that it would be its "humanism, its pursuit of social justice ... Canadian foreign policy would be meaningless if it were not caring and our compassion must have no geographic focus."(Lyon, Byers and Leyton-Brown, pp. 11-12) Although similar speeches by former Canadian leaders, coupled with Canada's commitment to the UN and its relations with the United States have to some extent influenced Canada's aid programs, by far it was Canada's Commonwealth ties that influenced its bilateral aid program in Asia, Africa and the Caribbean. However, Canada's aid program to Latin America was influenced mainly by the United States after the 1959 Cuban Revolution. Prior to the creation of CIDA, Canada dispersed more than \$726 million in aid to Asia, Africa, the Caribbean and Latin America

between 1950 and 1966. As shown in Table 3-1, more than 80 percent of the amount went to Asia, which is described in the following section.

CANADIAN AID TO ASIA

After World War II, the Asian continent became a center of the struggle between the Communist and the non Communist countries with Communist China leading the way under Mao Tse-tung in 1949. The threats of Communist expansion in South and South-East Asia led to the creation of the Colombo Plan of which Canada was a founding member. Under the Colombo Plan, aid was disbursed to the new nation states of Asia to help develop and maintain their freedom and democracy as well as to stop the spread of Communism in the region.

Canada's first bilateral aid to Asia began in 1950 with a \$12.5 million grant to the Colombo Plan.(Government of Canada, Canada's Official Development Assistance Program, p. 20) At the beginning, aid was used as a weapon against Communism, but by 1956, it became clear that the giving of aid was to promote trade and improve the economy of donor countries. The use of aid for economic purposes was supported by Nik Cavell, the Colombo Plan Administrator as well as the cabinet who insisted that Canadian aid would help improve the lives of the poor people in Asia and, at the same time create a market for ourselves. (Spicer, P.47)

In 1950, Canada was not prepared to initiate an aid program in Asia where it had little or no experience and familiarity. But pressures from Britain and the United States forced Canada to accept her Cold War responsibilities

TABLE 3-1

**Canadian Bilateral Development Assistance
by Country or Area 1950-1966**

Country or Area	Period Covered	Total Allocations (millions of Canadian dollars)	Population millions
India	1950-1966	332.0	475.1
Pakistan	1950-1966	202.0	110.9
Ceylon	1950-1966	33.5	10.9
Malaysia	1956-1966	18.0	11.0
Burma, Indonesia, Philippines, Thailand	1950-1966	14.0	189.1
Francophone Countries	1961-1966	19.3	118.2
Nigeria	1961-1966	13.5	43.0
East Africa	1961-1966	8.5	26.8
Other Commonwealth African Countries	1961-1966	8.6	21.8
Latin America	1964-1966	20.0	220.1
Caribbean	1958-1966	31.1	3.5
Miscellaneous (including Indus Basin Fund)	1958-1966	26.2	
TOTAL		726.7	

Source: Government of Canada, External Aid Office, Ottawa, 1966.

in Asia, and in return Asia provided an opportunity for Canadian investments. In their efforts to build a strong defence against Communism and to convince the people of Asia of western economic development, Canadian aid planners in the 1950s designed some large heavy duty infrastructure projects. The aim of the projects was to serve as both monuments of Canadian generosity and symbols of western progress.

Indeed, some of the most expensive and visible forms of Canada's assistance provided to Asia were the \$35 million Warsak Hydro-Electric and Irrigation project in Pakistan, the Kundah Hydro-Electric Power Development in India which cost \$44 million between 1955 and 1965, the \$21 million worth in steam engines in the 1950s to India and the Canada-India Atomic Research Reactor which cost \$11 million between 1958 and 1965. (Lyon and Ismael, pp. 17-18)

The Warsak Dam project, a concrete structure almost 750 feet long and 220 feet high at the beginning generated close to 240,000 kilowatts of electricity and irrigated about 100,000 acres. (Spicer, p. 127) Built on the Afghanistan and Pakistan border, the Warsak Dam multipurpose project was meant to create stability in the region, unite and provide jobs for the Pathan tribesmen in an all out effort to prevent communist expansion and the creation of a new nation state.(Spicer, p. 127)

Throughout the 1960s and 1970s, the threat of communist expansion continued to dominate Canada's foreign aid program. For instance, in 1963, the United States suspended aid to Ceylon, now Sri Lanka, in retaliation for Sri Lanka's nationalization of American oil companies. Concerned about Sri Lanka's isolation from the West, Canada increased its aid assistance and provided \$6 million for the expansion of the country's Katunayake international airport. Canada also provided \$10.6 million in aid to South Vietnam, Cambodia, now Kampuchea, and Laos during the height of the Vietnam war.(Culhane, p. 95)

For more than two decades, three fifths of all of Canada's bilateral aid went to the countries of South and South-East Asia, but by 1979, this amount was reduced to 39 percent (See Table 3-2). Three quarters of the 39 percent was concentrated in India, Pakistan and Bangladesh where more than 700 million of the world's poorest lived at the time.(See Table 3-3) Like other multilateral institutions, the Asian Development Bank (ASDB), of which Canada was a founding member in 1966, is responsible for most of Canada's multilateral assistance to the Asia-Pacific region. It constitutes the Asian Development Fund (ASDF) and the Technical Assistance Special Fund (TASF) which in 1989 received \$22.8 billion in total subscribed capital. Canada ranks seventh with 5.8 percent among the 49 member countries in terms of subscribed capital, exceeded only by the United States among non region members, and fourth behind Japan, the US and Germany with cumulative resources of 6.4 percent.(Government of Canada, CIDA Annual Report, 1989-1990, p. 48; and Canada's Official Development Assistance Program, pp. 52-53)

In 1989-90, the Canadian government approved over fifty projects for Asia, at least one for each country, at an estimated cost of almost \$311 million. As shown in Table 3-4, disbursements by sector ranged from agriculture to human development, with energy costing \$62.8 million and followed by \$55.8 million for economic development. Briefly, with the end of the Cold War, CIDA's new aid policies for Asia in the 1990s are to alleviate poverty in countries such as Bangladesh, Nepal and Sri Lanka, maintain linkages between Canadian and Asian institutions, promote sustainable development and maintain long term relationships with all the Asian countries as well as to promote Canadian interests. (Government of Canada,

TABLE 3-2
Regional Breakdown of CIDA Bilateral Aid Disbursements
(including bilateral food aid)

(in million of dollars)

	1970/71	1974/75	1979/80
Asia	180 (69%)	244 (50%)	235 (39%)
Africa:			
Francophone	30 (11%)	99 (20%)	148 (25%)
Commonwealth	25 (10%)	109 (22%)	138 (23%)
Latin America	9 (3%)	21 (4%)	35 (6%)
Commonwealth			
Caribbean	19 (7%)	20 (4%)	31 (5%)
Other			12 (2%)

Sources: CIDA, Strategy for International Development Cooperation 1975-80, (Ottawa, 1975); CIDA, Annual Report 1979/80.

In spite of Canada's efforts to win western allies in Asia, events over the years have made CIDA officials more cautious about its aid program. The explosion of a nuclear device in 1974 by India, using technology and equipment from its Canada-India Atomic Research Reactor and a Candu power station sold to India in 1963 embarrassed Canadian officials. CIDA officials were even more embarrassed when India accepted aid from the Soviet Union. In the late 1970s and early 1980s, the Canadian government

TABLE 3-3

Asia - Bilateral Aid Disbursements, 1971-1980

	(\$ millions)									
Fiscal year ending	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Afghanistan	.73	2.27	1.01	.23	1.77	.40	.25	2.32	4.22	6.62*
Bangladesh	----	----	48.28	59.27	73.80	29.48	37.27	72.10	71.79	65.16
Burma	2.94	.37	3.04	1.72	1.39	.70	2.97	5.46	3.77	6.33
India	103.14	101.49	73.26	69.28	96.40	98.91	90.36	57.16	31.91	42.60
Indonesia	3.57	3.95	14.75	21.64	19.52	36.70	22.43	13.19	12.72	11.75
Kampuchea	.35	.03	.04	.09	.55	.03	.01	(.02)	----	----
Korea (Rep.)	2.59	.05	.02	.01	----	.01	.03	(.04)	(.01)	(.04)
Laos	.23	.20	.16	.28	.20	.18	2.59	(.01)	----	----
Malaysia	2.36	3.59	2.84	2.31	1.61	1.48	1.59	2.97	2.36	1.75
Nepal	.29	.94	.78	1.06	.07	.21	.55	2.56	3.37	6.74
Pakistan	47.50	24.32	9.41	37.51	27.56	63.94	62.65	68.85	60.91	67.17
Philippines	.05	.05	.01	.02	.02	.07	1.29	2.84	.33	.37
Singapore	.34	.51	.47	.63	.aw	.10	.05	----	----	----
Sri Lanka	5.18	6.41	7.53	5.65	10.84	8.37	18.75	16.93	30.04	15.94
Thailand	.98	.58	.32	.42	.41	.21	.35	.32	2.54	6.79
Turkey	9.00	.70	5.51	.33	4.85	----	----	----	----	----
Vietnam	1.56	2.39	1.91	2.76	2.07	1.49	(.05)	6.07	.24	----
Regional, Special and Other Programs	.77	.54	.30	.59	2.85	15.53	1.94	2.11	2.86	3.42
Total	180.58	148.39	174.64	203.80	244.25	257.81	233.43	253.41	227.05	234.62

* suspended after the Soviet invasion

() signifies net payment back to Canada

Sources: CIDA, Annual Reports, 1971-1981.

TABLE 3-4

**CIDA's Bilateral Aid to Asia - 1989-90
Disbursements by Sector (\$M)**

Agriculture	35.4
Education	31.5
Energy	62.8
Fisheries	1.2
Forestry	4.9
Health & nutrition	12.8
Population & human settlements	17.3
Communications	5.2
Transportation	9.9
Water and sanitation	7.0
Geographic surveys	2.8
Industry	8.3
Institutional support	7.9
Material management	25.2
Economic & financial support	55.8
<u>Human resource development</u>	<u>22.9</u>

Source: CIDA, Annual Report 1989-90.

was forced to suspend aid to Vietnam and Afghanistan as a result of border conflicts. To make matters worse, Canada's food aid did little to help alleviate poverty among the poor in the region and CIDA officials in 1980 admitted that attempts to direct bilateral aid towards meeting the basic needs of the poor people in Asia, especially in the rural sector, were of limited success.(Carty and Smith, p. 48) As explained in the next section, the Caribbean, unlike Asia, was of special interest to Canada because of her influence and commercial establishments in the region.

CANADIAN AID TO THE CARIBBEAN - WEST INDIES

Canada's bilateral assistance to the West Indies Federation began in 1958 under the Commonwealth Caribbean Assistance Program (CCAP). The aid program was undertaken to support Britain's decolonization program in the region. Moreover, the Caribbean region was of special interest to Canada because Canadian banks have become the trade marks of the islands financial institutions long before they became independent. These include the Royal Bank of Canada, the Bank of Nova Scotia and the Canadian Imperial Bank of Commerce. Other Canadian investments in the Caribbean were the Alcan Bauxite Complex in Jamaica and the Demerara Bauxite Company (DEMBA) in Guyana, now owned by the Guyana government and renamed the Guyana Bauxite Company in 1970. In 1980, Canadian direct investment in the Commonwealth Caribbean totalled \$850 million. (Government of Canada, Statistics Canada Daily, p. 3)

Canadian trade with the West Indies, while not large, includes fish, livestock and lumber for rum, molasses, sugar and spices as well as the more than 400,000 Canadian tourists who flood the beaches of the Caribbean annually to seek relief from the long and dreary winters. The underlying assumption for aid giving was that economic and financial assistance would help ease poverty, reduce unemployment and in the end protect Canadian interests. According to CIDA officials,

The region is a highly volatile one, beset with racial tensions, high unemployment, greater underemployment, and

immense income distribution inequities. To the extent that the Canadian bilateral development assistance programme, in cooperation with the governments concerned, is directed toward the solution of these problems, then our aid programme may be seen as a useful support for peace and stability within the region and hence an effective support for all Canadian interests.(Government of Canada, A Review of Canadian Development Assistance Policy in the Western Hemisphere, 1974. Mimeo, circa.)

Canada's preoccupation with its security was justified in 1970 in Trinidad when some of the island's natives smashed the windows of Canadian banks in downtown Port of Spain during a riot. The violence was to protest the arrest and trial of West Indian students involved in the riot at Sir George Williams, now Concordia University in 1969. (Toronto Star, February 20, 1970, pp. 6-7) Furthermore, government officials and Canadian businessmen were shocked when the government of Forbes Burnham in Guyana announced in 1970 the nationalization of Alcan's bauxite subsidiary- the Demerara Bauxite Company.(Moore, p. 113) Despite the growing criticism and hostility from the region, Canadian aid continued and relations between Canada and the Commonwealth Caribbean subsequently improved during the 1980s with the promise of more aid. Canada's bilateral aid to the Caribbean began with a \$10 million loan over a five year period to upgrade water and port facilities, support elementary schools and provide two ships to improve communication among the islands as well as to construct an official residence for the Federation. Designed to be a new Commonwealth state, the Federation was made up of Jamaica, Trinidad and Tobago, Barbados, Antigua, St. Kitts-Nevis, Montserrat, Grenada, Dominica, St. Lucia and St. Vincent. Following the failure of the Federation in 1962 and the threat of "Castroism" in the region, Canada increased its aid to \$10 million a year in

1966 to improve the water resources, transport, education, agriculture and other infrastructure projects. (Carly and Smith, pp. 50-51)

Since the mid 1960s, the Caribbean became the only Third World area where Canada has been the leading donor, out-ranking the United States and Britain. The most important effort in this area is Ottawa's support for the Caribbean Development Bank (CDB) of which Canada was a founding member in 1966.(Government of Canada, Canada's Official Development Assistance Program, p. 77) By the end of 1987, Canada subscribed US \$9.6 million in ordinary capital and became the largest donor to the Special Development Fund (SDF) with US \$71.1 million out of the banks total amount of US \$266.3 million.(Government of Canada, Canada's Official Development Assistance Program, p. 77)

Increasingly, aid to the Caribbean was part of CIDA's strategy for promoting trade as well as to reaffirm Canada as the leading aid donor in the region. In 1975, Canada disbursed \$20 million worth in aid to the region, but by 1980, the amount was increased to \$31 million.(See Table 3-2) Despite the increase, Canada's share of the Commonwealth Caribbean market fell from 17 percent in 1950 to 5 percent by 1978.(Government of Canada, CIDA Annual Report 1978-79, p. 34) As a consequence, a new Trade and Economic Agreement was signed in 1979 between Canada and Caricom, the Caribbean Common Market, whose members are Antigua, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts-Nevis, St. Lucia, St. Vincent and Trinidad and Tobago. The aim of the agreement was to recapture some of the lost commercial markets and to increase Canada's exports to the region. It was also part of Canada's response to the new

strategic importance which the United States had placed on the Caribbean basin. (Carty and Smith, p. 53)

During the 1970s, the Caribbean region was the highest per capita recipient of Canadian bilateral aid with 143 projects in 15 countries. The bulk of the aid program budget went to Jamaica, Belize and Guyana, but since the mid 1970's there has been increased support for the poorer Leeward and Windward Islands.(See Table 3-5) Neither the Socialist views of Michael Manley of Jamaica and the late Maurice Bishop of Grenada nor pressures from the United States did not influence Canada to reduce its aid to the Caribbean. Worried about the security and political unrest of the region, Canada's External Affairs Minister, Mark MacGuigan, in 1981 promised to triple CIDA annual disbursements to the Caribbean from \$31 million to \$90 million by 1986-87. In an interview with the Toronto Star in 1981, the Minister said that "the security of the Caribbean is important to us because Britain is largely withdrawing from the area and because so many of them find Canada more acceptable than the United States as a more developed friend."(Jack Cahil, Toronto Star, January 31, 1981) The objectives for the increase were to help the islands stabilize and adjust their economies to international standards, to reduce their foreign debt and to strengthen Canada's political, economic and institutional relationships in the region.(Government of Canada, Canada's Official Development Assistance Program, p. 48) In 1990, the Canadian government cancelled the outstanding official development assistance debts owed by the Commonwealth Caribbean countries and financed a number of new projects at a cost of more than \$20 million in the Eastern Caribbean countries of Antigua, Grenada, St. Lucia and St. Vincent. (CIDA's Commonwealth unofficial Report 1990-91, not yet published)

TABLE 3-5

Commonwealth Caribbean - Bilateral Aid Disbursements, 1971-1980
(\$ millions)

Fiscal year ending	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	Total 1971-1980
Antigua	1.38	.25	.50	.14	.15	.40	1.01	3.63	2.56	1.90	11.42
Barbados	1.05	.77	1.74	2.93	.77	2.14	1.49	4.62	4.62	2.16	22.58
Belize	.24	.49	.80	.41	1.39	1.46	1.06	2.63	6.22	1.77	18.44
Dominica	1.35	.44	.62	.61	.56	.41	.43	1.75	.34	1.95	7.46
Grenada	.49	.47	.54	.35	.24	1.19	1.82	.59	.29	.77	6.34
Guyana	4.18	2.36	1.54	2.85	4.05	2.33	2.21	1.80	4.93	5.90	32.11
Jamaica	2.52	3.91	4.74	3.24	3.11	3.43	3.57	13.61	9.34	7.76	55.23
Montserrat	.15	.46	.79	.51	.68	.61	.13	.25	.32	.20	4.15
St. Kitts	.40	.35	.41	.37	.21	.26	.13	.21	.19	.25	1.82
St. Lucia	1.68	1.72	1.35	1.39	2.93	1.39	1.93	1.25	.39	.24	11.21
St. Vincent	.89	.72	.53	.17	.76	1.26	.89	.66	.26	.22	6.24
Trinidad & Tobago	1.72	.63	.65	.90	.57	1.80	.69	(.10)	.47	(.09)	7.24
Turks, Caicos & Caymans	----	----	----	----	----	----	----	.02	.03	.02	.07
Virgin Is.	----	----	----	----	----	----	----	----	.01	.02	.03
Regional Programs	.99	.28	.02	.12	.17	.70	2.66	2.19	1.66	1.76	10.66
Leeward & Windward Is.	----	.21	.08	.36	3.31	3.42	4.24	3.73	2.48	3.01	20.64
University of the West Indies	1.85	.57	1.19	.99	.73	1.11	.47	.49	.20	.46	7.66
Total	18.89	13.63	15.50	15.34	19.63	21.90	22.73	37.33	33.56	30.88	225.39

() signifies net repayment to Canada

Sources: CIDA, Annual Reports, 1971-1980.

Contrary to CIDA's claim that its foreign aid has helped the countries in the Caribbean, many of the islands' leaders have contended that Canada's tied aid programs are designed to represent her own interests. The program's general orientation toward strengthening the private sector is also viewed by some Caribbean academics as a service for Canadian commercial interests.(Chodos, pp. 198-206) After more than three decades of Canadian aid, most of the countries in the area, particularly Guyana and Jamaica, are in serious financial difficulties. In fact, the economic situation of most countries in the Caribbean has worsened. Since 1982, GNP per capita for the entire region has dropped by 5.5 percent while inflation has increased by 300 percent. Twenty percent of the labour force is unemployed and a further 20-25 percent underemployed. More than 40 percent of the people in the region live in poverty and about half of these in extreme poverty.(Government of Canada, Canada's Official Development Assistance Program, p. 47) Still worse off than the Caribbean is Africa, which is the focus of the next section. It is an area where poverty, hunger, starvation, disease and death are prevalent, particularly in the black countries.

CANADIAN AID TO AFRICA

Canada's first bilateral aid to Africa began in 1959 with a small technical assistance program to Ghana. By 1960, foreign aid was expanded under the Special Commonwealth Africa Assistance Plan (SCAAP) to include all the Commonwealth countries in Africa.(Government of Canada, Canada's Official Development Assistance Program, p. 21) The dismantling of the empires in Africa in the late 1950s led to fears in the West, particularly the US and Britain, that anti-colonial sentiments could easily be turned into

anti-western feelings which the former Soviet Union could capitalize on. As a result, Canada, a former colony and with no Imperialistic aspirations, was asked by the United States and Europe to support these countries. The aim was to promote a western type of democracy and capitalism in the region. For almost three years, Canadian aid went to the Commonwealth African countries only. During the early 1960s, the neglect or refusal to give aid to the French speaking African nations led to a wave of nationalist protests in Quebec. In order to satisfy the nationalist sentiment and, more so, to support the "two nation" theory of Confederation, Ottawa quickly developed an aid program for French Africa.(Spicer, pp. 56-57) However, since Commonwealth and Francophone Africa are two separate but unique regions of the African continent, the development of their aid programs are explained separately.

CANADA'S COMMONWEALTH AFRICAN AID PROGRAM

During the late 1950s, most of Canada's aid to Commonwealth Africa was in the form of technical assistance and military training. First of all, Ottawa policy makers assumed that the new African governments were incapable of using capital aid wisely, therefore technical assistance was more appropriate for the development of their countries. Secondly, they recognized that the export potential of these countries were minimal and could not benefit Canada economically. Thirdly, government officials felt that military assistance in the form of training would help to prevent Communist expansion in the region, provide some intelligence gathering for the west and promote sales of Canadian military equipment. These factors contributed to the Canadian government spending of more than \$23 million

during the 1960s to train military personnel in seven African and Asian countries.(Freeman, p. 125.)

Canadian aid to Commonwealth Africa increased from \$3.5 million annually in 1961 to more than \$18 million in 1968.(Carty and Smith, p. 57) As Table 3-2 confirms, Canadian aid soared from \$25 million in 1970-71 to \$138 million in 1979-80. Most of the increased aid funds (as shown in Table 3-6) went to Botswana, Ghana, Lesotho, Malawi, Nigeria, Tanzania and Zambia. Throughout the 1970s, Canada dispersed aid to 22 countries in Commonwealth Africa with six countries, Tanzania, Ghana, Nigeria, Malawi, Zambia and Kenya, accounting for about 75 percent of the total amount.(Table 3-6)

CASE STUDY - TANZANIAN NATIONAL MILLING CORPORATION

In spite of this, Canada's own immediate interest also appeared to be well served by her tied aid policies in Commonwealth Africa. One of the very few fully documented cases where commercial benefit accrued to Canadian firms through tied aid is the Tanzanian bakery scheme. The bakery scheme exposed some of the basic defects of Canada's flawed aid policies and programs. In 1969, the Tanzania government decided to centralize its bread baking operations by building a large, modern, automated bakery in Dar-es-Salaam. Previously, the city's bread was baked in a number of small, labour intensive bakeries, locally financed, relied on Tanzanian made equipment and used local coal or charcoal as fuel. The bakeries were run efficiently but the management of the state owned National Milling

TABLE 3-6
Commonwealth Africa - Bilateral Aid Disbursements, 1971-1980
 (\$ millions)

Fiscal year ending	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	Total 1971-1980
Botswana	.03	4.16	15.00	8.98	7.20	1.84	1.61	2.89	2.40	3.56	47.69
Djibouti	----	----	----	----	----	----	----	----	----	.03	.03
Egypt	----	----	----	----	----	----	9.87	6.39	.31	27.78	44.35
Ethiopia	.08	.10	.51	1.51	6.47	.90	.54	.48	.82	2.09	13.50
Ghana	7.01	10.00	9.21	9.66	13.17	17.63	12.34	14.35	17.76	17.97	129.10
Kenya	2.07	2.53	2.24	6.19	5.20	6.48	9.34	9.49	6.64	12.78	62.96
Lesotho	----	.07	.07	.19	.62	2.70	3.11	6.35	3.65	7.02	23.75
Malawi	.04	.36	1.09	.27	9.11	14.91	3.57	18.65	15.90	15.96	79.76
Malta	----	----	----	----	----	.44	.02	.11	.01	.40	.99
Mauritius	.04	.04	.08	.14	.12	.09	.22	.15	.22	.24	1.34
Mozambique	----	----	----	----	----	----	2.81	2.03	2.60	.06	7.50
Namibia	.01	.01	.02	.04	.02	.01	.02	.02	.01	.02	.18
Nigeria	6.63	11.95	12.61	11.98	10.20	13.95	8.14	2.86	1.69	.56	80.57
Seychelles	----	----	----	----	----	----	.04	.09	.10	.05	.28
Sierra Leone	.01	----	----	.30	.29	.06	.03	.04	.23	.37	1.33
Somalia	----	----	----	----	.99	.39	4.06	.01	----	.02	5.47
Sudan	----	----	----	----	----	.01	.05	.49	.82	2.40	3.77
Swaziland	.05	.03	.04	.30	.65	.54	1.48	1.80	1.99	1.69	9.57
Tanzania	3.13	6.02	6.22	17.67	38.34	24.38	14.75	24.99	32.98	27.64	196.12
Uganda	1.84	1.54	1.66	1.15	.36	.75	.57	.56	.29	.27	8.99
Zambia	.78	1.51	2.10	2.35	4.39	6.59	11.95	6.93	12.06	15.98	70.54
Zimbabwe*	.04	.04	.08	.09	.01	----	----	.05	.04	.04	.39
Regional: East Africa	3.14	11.27	1.87	2.50	11.39	15.73	6.66	1.44	.43	.18	54.61
Other	.24	.01	.07	.51	.24	.29	.59	.67	.30	.52	3.44
University of BLS	----	.27	1.08	.39	.70	.63	.81	.48	.76	.72	5.84
Total	25.14	49.93	53.95	64.22	109.47	108.32	92.48	101.32	107.91	138.35	851.09

* includes training Black Zimbabwean students in countries other than their homeland up to 1979.

Sources: CIDA, "Canada's Development Assistance to Commonwealth Africa", (Briefing Paper no. 3, December 1976); CIDA, Annual Reports, 1971-1981.

Corporation (NMC) felt that a modern bakery would expand NMC's activities from milling to baking.(Carty and Smith, p. 71)

Approached by Tanzanian officials in 1970, CIDA agreed to finance the project on the condition that a Canadian firm, Angus Butler Engineering Company of Alberta, be hired to conduct a feasibility study, supervise technical matters related to engineering, design, construct and purchase the necessary machinery and equipment. A year later, CIDA further insisted that Canadian equipment be used along with the only bidder, Canadian Baker Perkins Limited of Brampton, Ontario, to build the bakery. In all, equipment costs plus Angus Butler Engineering fee of \$170,000 coupled with the costs of hiring a Canadian manager, a maintenance supervisor and to train Tanzanian technicians in Canada increased CIDA's initial \$1 million estimate by 70 percent. With CIDA's loan of \$1.7 million plus an equal amount spent by the NMC locally the bakery began operating only in 1976, five years late and at three times the original cost.(Carty and Smith, p. 72)

The entire project, from start to finish, is a clear example of how devastating development assistance can be for the underdeveloped countries. The bakery was designed to meet climatic conditions in Alberta, instead of those in Tanzania. Fans and vents were required to remove the excess heat from the building because of its low ceilings and enclosed walls. Furthermore, the significant increase in costs for the bakery was largely due to Canadian consultants inability to design projects for tropical countries and CIDA's tied aid restrictions.

Aside from the cost and design problems, the bakery also proved directly counterproductive. In a country with high unemployment and surplus labour, the bakery employed only 60 people instead of the 320 people previously employed by the smaller bakeries. The project cost Tanzanians \$46,000 for the creation of each job, compared to \$2,000 if local technology were used.(Carty and Smith, p. 73) Moreover, the bakery scheme has done more harm than good for Tanzania because the government has to allocate precious foreign exchange to import foreign fuel, wheat and spare parts for the bakery. Far from reinforcing Canada's friendly ties with Tanzania, the bakery has created cynicism in Canada's foreign aid program and has benefited Canadians more than Tanzanians.

Like the 1970s, CIDA's aid program for Commonwealth Africa in the 1990s continued to concentrate on economic reform and structural adjustment, poverty alleviation, human resource development, food, security and the maintenance of infrastructure. In addition, CIDA has provided lines of credit to Ghana, Tanzania, Uganda, Malawi, Mozambique and Zambia and has created a special aid program for the disadvantaged in South Africa in 1990 known as the Canadian Education Program for South Africa (CEPSA). The aim of CEPSA is to provide educational training for the disenfranchised majority in order to prepare them for full participation in a post apartheid society, to establish relations between the two countries labour unions and to provide educational scholarships for South Africans at Canadian universities.(Government of Canada, CIDA Annual Report 1989-90, pp. 18-20) On a sectoral basis, most of CIDA's aid during 1989-90 was concentrated on economic and financial support, energy and agriculture.(See Table 3-7)

Although Canadian aid has helped to save the lives of many poor people in Commonwealth Africa, the attainment of social and economic progress in the region remains elusive. The economic crisis of the 1980s has reversed many of the economic gains achieved by these countries since independence. Declining levels of food production coupled with the foreign debt and population growth have intensified the human suffering in the region. Today, almost all of the black countries in Commonwealth Africa are much poorer than they were after the War. In country after country, drought, famine, poverty, starvation and disease are killing millions in the continent.

TABLE 3-7

**Canada's Bilateral Aid to Anglophone Africa - 1989-1990
Disbursements by Sector (\$ million)**

Agriculture	35.6
Education	17.5
Energy	36.5
Forestry	0.6
Health and nutrition	1.5
Population and human settlements	6.1
Communications	2.4
Transportation	23.3
Water and sanitation infrastructure	11.7
Industry	0.7
Institutional support and management	0.3
Economic and financial support	44.1
Human resource development	5.3

Source: CIDA, Annual Report 1989-90, Supply and Services Canada, Ottawa, 1991.

CANADIAN AID TO FRANCOPHONE AFRICA

In the early 1960s, some of Quebec's politicians, journalists and businessmen complained that Canada's aid policy was discriminatory because no Canadian aid was given to the French speaking states in Africa. At the time, the federal government thought that it was in Canada's interest to dispatch aid only to the Anglophone countries in Africa because of her Commonwealth ties and more so, these countries were former colonies of Britain. However, a series of nationalistic protests in Quebec increased demands for the same amount of aid that was sent to Commonwealth Africa be sent also to the French speaking African nations. Paul Gerin-Lajoie, Quebec's first education minister in 1964 and CIDA's President between 1973 and 1977, stated publicly in the early 1960s that Quebec should pursue international relations in areas such as education.(Carty and Smith, p. 59)

To some extent, these incidents were responsible for the federal government's decision to establish an aid program in 1961 for Francophone Africa. But it was not until 1963 that \$300,000 was officially sent to Francophone Africa annually for educational purposes.(Spicer, p. 57) As Prime Minister and the architect of Canada's aid program, Lester B. Pearson recognized the disparities and immediately increased aid to French Africa in 1964.

In its intensifying struggle with Quebec over Francophone Africa, the federal government in 1971 funded projects in Francophone Africa for a total cost of \$30 million. CIDA's aid to Francophone Africa rapidly increased from \$30 million in 1971 to \$99 million in 1975 to reach \$148 million in 1980 or

about 25 percent of Canada's bilateral aid budget.(See Table 3-2) As evident in Table 3-8, Tunisia, Cameroon, Niger, Ivory Coast, Senegal and Algeria accounted for more than half of the total increase.

Throughout the 1970s, aid was an important tool in the federal government's battle with Quebec, especially after the 1976 election of the PQ. Ottawa's near exclusion from the 1978 La Francophonie summit prompted Trudeau to increase aid to Senegal and other French speaking states in 1981.(Jeffrey Simpson, The Globe and Mail, Jan. 13, 1981) In 1989-1990, Canada disbursed \$208.6 million to finance 344 projects in Francophone Africa.(Government of Canada, CIDA Annual Report 1989-1990, p. 22) (The main recipients are shown in Table 3-9)

As in other regions, CIDA's main areas of activity as shown in Table 3-10 ranged from agriculture to food aid with 20 percent for economic support followed by agriculture with almost 16 percent and 11 percent for food aid. Canadian aid to the African continent as a whole includes multilateral assistance for the African Development Fund (AFDF) and the African Development Bank (AFDB). As a member of the African Development Bank, Canada contributed 3.11 percent of the general capital. In 1989, Canada ranked third among the fifty two member countries of the African Development Fund with a subscription of \$809 million or 11.1 percent of the total cumulative resources.(Government of Canada, Canada's Official Development Assistance Program, p. 78)

TABLE 3-8
Francophone Africa - Bilateral Aid Disbursements, 1971-1980
(\$ millions)

Fiscal year ending	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	Total
Algeria	4.01	4.24	4.96	5.06	9.21	10.70	6.52	3.24	.92	.69	49.89
Benin	.67	2.62	2.16	1.30	4.50	6.35	4.16	3.44	2.73	5.03	32.96
Burundi	.09	.19	.23	.20	.14	.10	.39	.04	----	.03	1.21
Cameroon	3.26	4.51	4.58	3.91	4.58	11.05	6.99	12.15	16.25	13.29	82.55
Cape Verde	----	----	----	----	----	----	----	.99	.03	.02	1.04
Central African Republic	.09	.19	.20	.16	.06	.06	.08	.12	.09	.02	1.11
Chad	.25	.26	.24	.96	3.42	.02	1.25	3.21	.35	.20	11.26
Comoros	----	----	----	----	----	----	----	.05	----	.01	.06
Congo	.03	.05	.11	.48	4.03	6.46	2.91	2.60	2.70	1.62	22.99
Gabon	.16	.27	.35	.52	.77	1.21	1.08	.95	.59	.29	6.19
Gambia	.02	----	----	----	----	----	.04	3.22	.20	.03	3.41
Guinea	.03	.03	.01	.02	.51	.07	.74	.11	.16	.05	1.73
Guinea Bissau	----	----	----	----	----	----	----	.02	.05	.03	.10
Ivory Coast	1.39	2.89	6.54	4.23	4.24	4.83	7.04	6.60	15.13	16.99	69.82
Madagascar	.47	.57	.63	.43	.48	1.27	.65	2.01	2.99	3.65	13.16
Mali	.10	.72	.70	1.79	6.57	3.95	2.87	4.65	5.08	12.79	39.22
Mauritania	.05	.10	.50	1.42	3.13	.70	2.61	6.07	1.25	.72	16.55
Morocco	4.77	4.45	4.31	5.55	4.86	3.45	3.25	5.59	4.01	2.59	42.92
Niger	2.47	7.19	8.59	9.40	16.84	17.38	9.69	3.71	4.07	4.00	92.42
Rwanda	1.29	1.46	1.66	1.55	3.68	4.07	7.35	8.54	6.56	5.84	42.00
Senegal	3.18	5.38	4.85	5.62	5.69	5.31	7.10	9.60	9.57	8.76	65.16
Togo	.86	2.70	2.37	1.01	1.44	1.96	1.60	1.77	5.01	9.17	27.99
Tunisia	5.49	5.93	13.59	13.06	11.72	16.42	14.44	6.92	23.21	10.87	121.65
Upper Volta	.08	.50	.95	1.51	4.02	.83	1.89	1.65	3.64	19.09	33.16
Zaire	.95	.59	1.08	3.54	6.33	4.28	2.71	3.87	9.73	8.18	40.26
Regional Programs	----	----	.47	5.93	2.28	.72	3.05	2.67	.08	.72	15.92
Francophone Institutions	.01	.29	----	----	----	3.22	----	----	2.13	2.28	7.93
Sahel Region	----	----	----	----	----	.50	----	8.95	15.43	19.50	44.39
Council of the Entente	----	----	----	----	.04	.08	.06	----	.02	----	.20
Total	29.72	45.13	59.08	66.65	98.54	104.99	86.16	102.71	130.76	147.72	973.46

Sources: CIDA, Annual Reports, 1971-1981.

After more than thirty years of Canadian and Western aid, Africa is still in deep economic crisis. The situation is terrible in nearly every way, economically, socially and politically. The reasons for the crisis are partly internal, population growth, bad investments and poor agricultural policies to name but a few. External factors such as drought, famine, deteriorating terms of trade and the intolerable debt have worsened the situation. Per capita incomes for many have declined substantially; poverty, malnutrition, disease and illiteracy have increased over the years. In addition to the aids epidemic, starvation is killing millions of people in Ethiopia, Uganda, Malawi, Sudan, Angola and Somalia. Prospects for growth and self sufficiency in

TABLE 3-9

**Canada's Bilateral Assistance including Food Aid
to Francophone Africa - 1989-1990**

<u>Country</u>	<u>Amount (\$M)</u>
Cameroon	24.4
Senegal	22.9
Mali	17.6
Niger	15.7
Zaire	15.6
Rwanda	11.1
Burkina Faso	10.1
Gabon	8.9
Côte d'Ivoire	8.5
Morocco	7.2
Tunisia	4.6
Algeria	3.3
Sahel Region	5.8

Source: CIDA, Annual Report 1989-90, Supply and Services Canada, Ottawa, 1991.

TABLE 3-10

**CIDA's Bilateral Aid to Francophone Africa - 1989-90
Disbursements by Sector (\$M)**

Agriculture	32.6
Fisheries	2.3
Forestry	9.2
Energy	13.3
Transportation	11.9
Communications	9.6
Social (including health and nutrition, population and human settlements, water, sanitation)	7.5
Education and human resource development	31
Economic support	42.9
Industrial and institutional support	14.5
Food aid	24.1
<u>Other sectors</u>	<u>12.7</u>

Source: CIDA, Annual Report 1989-90, Supply and Services Canada, Ottawa, 1991.

Africa are so grim that a UN Advisory Group on finance in 1988 estimated that it would take US \$5 billion per year in additional aid to restore minimum recovery in development in Africa. (U.N. African Development Report, 1989)

CIDA's talk about aiding the poorest countries in Africa and eradicating global poverty does not coincide with its tied aid policies. In fact, Canada's tied aid policies and its infrastructure oriented aid programs have not helped the poor countries in the region. More aid was directed towards countries with more export potential. Today, the African continent is still the home of 27 of the world's poorest countries and even CIDA admitted in its 1989-1990 Annual Report that Africans are nearly as poor today as they were 30 years ago.

CANADIAN AID TO LATIN AMERICA

In the 1950s, most of Canada's aid went to the newly independent states within the Commonwealth, despite the fact that most of the country's Third World trade was with Latin America. Canada's commercial interests in Latin America were protected by the United States but, following the Cuban Revolution of 1959, Ottawa was pressured by Washington to join the Organization of American States (OAS) and extend aid to the countries in the region.

Canadian aid to Latin America began in 1964 with a \$10 million loan to the Inter-American Development Bank (IDB). By 1972, Canada contributed \$74 million to a special Canadian Fund in the IDB. Eighty percent of this amount was tied to the purchase of Canadian goods and services and more than half of the total amount was allocated for hydro-electric projects.(Government of Canada, Canada's Development Assistance to Latin America, Briefing Paper No. 5, pp. 1-2) Between 1961 and 1964, the Canadian Export Credit Corporation, the forerunner of the Export Development Corporation (EDC), provided almost \$20 million in export credits to the government of Chile.(Government of Canada, CIDA Annual Review 1967-1968, pp. 19-26)

Canada's passive attitude toward Latin America actually came to an end with the creation of CIDA in 1968. In reviewing Canada's foreign policy for the region, Prime Minister Trudeau in 1968 said that "we have to explore new avenues of increasing our political and economic relations with Latin

America where more than four hundred million people will live by the turn of the century and where we have substantial interests."(Dobell, p. 115)

Consequently, in 1970, the Latin American aid program was created with \$8.5 million or 3.4 percent of the total bilateral aid budget. Peru, Columbia, Brazil and the countries in Central America were the main beneficiaries.(See Table 3-11) CIDA provided technical assistance to the mining sector in Brazil, Columbia and Peru, the electrical power sector in Bolivia, Brazil, the Dominican Republic and Haiti. Between 1973 and 1976, Canadian foreign aid coupled with EDC export credits more than tripled assistance to Cuba, thus making it Canada's fourth largest export market in the region.(Government of Canada, Canada's Development Assistance to Latin America, Briefing Paper No. 5, pp. 2-3)

By 1977, only commercial credits from the EDC were given to Cuba, all other types of foreign aid were suspended because of Cuba's military involvement in Africa. During his visit to the Caribbean in 1981, the External Affairs Minister, Mark MacGuigan, said that "we felt that if Cuba can finance foreign adventurism, then it can also finance development on its own."(Carty and Smith, p. 67) Canada also suspended aid to El Salvador in 1980 because of internal strife and the country's repressive government and, a year later, Canada granted \$4.5 million in food aid to Nicaragua.(Carty and Smith, p. 67)

In 1980, Canadian aid to Latin America supported 106 projects and CIDA provided more than \$439 million in the form of loans, grants and capital subscriptions to the Inter-American Development Bank (IDB). Furthermore,

TABLE 3-11

Latin America - Bilateral Aid Disbursements, 1971-1980

(\$ millions)

Fiscal year ending	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	Total, 1971-1980
Bolivia	---	---	---	.56	.99	.21	.05	.09	1.77	1.01	4.68
Brazil	1.28	2.42	3.10	1.13	1.44	2.70	2.78	2.06	2.01	2.39	21.31
Chile	2.36	.75	2.11	2.15	.30	.08	(1.14)	(.17)	(.33)	(.25)	6.86
Colombia	4.05	4.36	5.28	3.71	1.74	2.11	4.05	5.77	3.83	7.11	47.01
Costa Rica	---	---	---	.05	.15	.14	.04	.20	.16	.17	.91
Cuba	---	---	.05	.43	.43	3.68	4.26	4.52	2.98	---	14.43
Dominican Republic	---	---	---	.16	3.71	1.81	1.62	.02	.02	.34	7.76
Ecuador	.11	2.33	.57	1.07	3.33	3.35	.98	.53	.45	.30	11.92
El Salvador	---	---	.07	.11	1.42	2.07	.72	.35	.63	1.37	6.74
Guatemala	---	---	.13	.05	.02	3.32	1.48	1.83	4.61	2.94	14.43
Haiti	---	---	---	.15	1.34	2.90	4.33	6.68	10.97	7.59	33.96
Honduras	---	---	.53	.31	2.19	1.44	.43	1.73	3.88	4.62	21.19
Nicaragua	---	---	.01	1.41	1.02	.13	.57	.40	---	.20	3.74
Peru	---	---	---	.66	1.61	2.51	2.90	3.47	4.30	4.02	24.67
Other	.77	1.56	---	---	---	---	---	---	---	---	2.33
Regional:											
Central America	---	---	.15	.27	.13	.11	.15	.27	---	---	.88
Latin America	---	---	.33	.55	.30	.42	1.32	1.64	2.90	3.52	11.49
Total	8.57	10.42	12.33	12.77	20.62	26.99	25.44	34.87	47.29	35.33	234.31

* suspended in late 1980 due to internal strife

() signifies net repayment to Canada

Sources: CIDA, "Canada's development assistance to Latin America", Briefing Paper No. 5, April 1979; CIDA, Annual Reports, 1971-1981.

Canada's export trade with Latin America quadrupled to reach more than \$3 billion annually in 1980, and Canadian direct investments in the region was more than \$1.6 billion in 1977, second only to the United States. (Carty and Smith, p. 67) CIDA's total bilateral, or government to government, aid to the Americas, including the Caribbean, in 1989-1990 was \$157 million including \$21 million for food aid (Government of Canada, CIDA Annual Report 1989-1990, p. 29), and, since becoming a member of the IDB in 1972, Canada contributed more than US \$1.5 billion in capital.(Government of Canada, Canada's Official Development Assistance Program, p. 76) By sector, as shown in Table 3-12 again, economic and financial support, agriculture and food aid dominated CIDA's Latin America and Caribbean aid programs with 50 percent of the total aid disbursements. It is to be noted that political, economic and development considerations determined the selection of countries and the content of Canadian aid to Latin America. After 1976, CIDA aided several of the poorest countries in the region such as Bolivia and Honduras. The shift represents a retreat from CIDA's earlier aid policy which was to give more aid to the countries with the most export potential. However, after more than thirty years of reluctance to join the OAS and, despite pressures from the US to do so, Canada finally became a member in 1990.(Government of Canada, CIDA Annual Report 1989-1990, pp. 29-32)

In general, Canada's current level of assistance to the Third World is filled with so many project restrictions, tying provisions, inappropriate technology and misguided development concepts that the overall development benefits of her foreign aid program is negligible. Canada's aid program is in crisis. It is

TABLE 3-12

**CIDA's Bilateral Aid to Latin America 1989-90
Disbursements by Sector (\$M)**

Agriculture	26.67
Fisheries	1.40
Forestry	7.10
Energy	2.10
Transport	16.48
Population & human settlements	3.71
Water & sanitation infrastructure	5.08
Mining & metallurgy	6.36
Communications	6.33
Health & nutrition	3.75
Education	12.54
Human resources development	5.53
Industry	2.63
Economic & financial support	29.58
Institutional support and management	3.73
Food aid	20.97
Other	1.08

Source: CIDA, Annual Report 1989-90, Supply and Services Canada, Ottawa, 1991.

being cut, being redirected and being transformed to the point where it is no longer viewed as truly helping the world's poor overcome poverty and starvation. These changes, designed and implemented by the Mulroney government since 1985, are endangering its own stated goal of eradicating global poverty so that we can create an environment that nurtures the tremendous creative potential of the human race, frees it to build the better world we all want to see.

It is increasingly clear just how interdependent the world has become. Events in distant areas have almost immediate effects on us here. Poverty, hunger, repression, disease and ecological disasters result in political, social and environmental instability and all countries and peoples on this planet suffer. As so eloquently stated, "Our future depends on building a safer, more equitable and more prosperous world."(Government of Canada, Sharing our Future, p. 88) Therefore, by giving aid to those who are in need, because of the trade policies and practices imposed on them by the developed countries, and because of their indebtedness, we are in a way serving our own interests as Canadians.

CHAPTER 4

TYPES OF CANADIAN FOREIGN AID

Since 1950, the widening poverty gap between the developed and developing countries has become a central issue for most nations in the world. The effort to reduce it has inspired the developing nations to mobilize their resources for economic growth. It has also led to large scale transfers of resources from the rich countries to the poor after the Second World War. Most of the aid was dispensed in order to achieve short term political favors, gain strategic advantages or promote trade for the donor country. The promotion of long term development in the Third World was never a dominant objective of the aid given. Therefore, it is hardly surprising that hopes of successful development were disappointed and that there are signs of frustration and impatience in the developing world.(Pearson, pp. 3-4)

In most of the new nations, development was often regarded as the economic continuation of the political struggle for independence, and as an important means of creating a new national identity, thus severing their colonial ties.(Pearson, p. 5) For many, emancipation meant early and easy prosperity, but they quickly realized that economic development was retarded by obstacles beyond their control. As a result, the lives of hundreds of millions of people in the developing countries are in jeopardy today, and there is no way out other than economic assistance from the rich and prosperous nations of the North. However, during the 1960s, it has been acknowledged that no foreign aid will be enough or effective where there is no national will to make the fundamental changes that are required for

development. Development in the less developed countries means more than a simple transfer of funds from the rich to the poor nations. It means that a set of new relationships between the donor and recipient countries must be established on mutual understanding, self respect and national interests. It also means the acceptance of a continuing review of performance on both sides, not dominated by either the donor's or recipient's political or economic interests.(Pearson, pp. 5-6)

With emphasis placed on development aid, Canadian aid planning became more sophisticated in the 1960s, and the channels and types of aid distribution multiplied. Consequently, questions of importance related to Bilateral or tied aid, Multi-lateral or untied aid, Food aid, Technical and Educational assistance, Financial aid such as Grants and Loans have become the major focus of Canada's foreign aid program.

Whatever the type of aid requested, the first and absolute condition of Canadian acceptance is Canada's ability to supply it.(Spicer, p. 76) From the beginning of the Colombo Plan, it has been the rule of thumb that at least 80 percent of Canadian aid be tied to the purchase of Canadian goods and services.(Government of Canada, Standing Committee on External Affairs, 1961, p. 174) "In the technical assistance field ... it has been the practice to send out as experts only Canadians, and in our training programmes to place trainees only in Canadian ... institutions."(Government of Canada, Standing Committee on External Affairs, 1961, p. 174) In 1963, the Director General for the External Aid Office confirmed that "Our programs continue to operate on the basis of procurement in Canada."(Government of Canada, Standing

Committee on External Affairs, 1963, p. 52) The effect of these policies is considered to be bilateral or tied aid and is examined in the following section.

THE EFFECTS OF CANADA'S BILATERAL OR TIED AID PROGRAM

Since the creation of the Colombo Plan in 1950, the largest part of Canadian foreign aid, almost 90 percent, is disbursed bilaterally from the Canadian government to governments of recipient countries.(Government of Canada, Standing Committee on External Affairs, 1956, p. 189) The choice of countries is based on their political, economic and developmental considerations. The criteria for economic assistance have been to some extent vague but included are the specific needs of the country, its financial credibility, ability to utilize Canadian goods and services effectively, the political importance attached to economic development, and the relationships between Canada and recipient.(Spicer, p. 53)

Canadian bilateral aid has always been tied to Canadian procurement. For most donor countries, the tying of aid minimizes the real cost of aid and assures that goods bought with aid grants or loans are additional to the normal exports of the developed countries to the underdeveloped countries.(Carty and Smith, p. 86) While this has been the normal practice for most donor countries, it has nevertheless resulted in less efficient and more costs for the recipient countries. In 1969, Lester B. Pearson estimated that the direct cost of tied aid exceeded 20 percent of the competitive international price for goods and services.(Pearson, p. 172) Another estimate from CIDA's first president, Maurice Strong, increased the figure to 25 percent.(Freeman, p. 4) The reasons for these added costs are

twofold. First of all, Canadian suppliers realized that the recipient countries have no choice due to tied aid funds, but to purchase Canadian products at monopoly prices. Secondly, the lack of competition for similar products from other developed countries resulted in higher costs for the products produced in Canada.

A variety of sources in the late 1970s confirmed the accuracy of these estimates. In 1978, the Economic Council of Canada revealed that Canada's tied aid policies have increased the costs of manufactured goods by 25 percent above world prices.(Government of Canada, For a Common Future, p. 88) Douglas Roche, a former foreign aid critic for the federal Progressive Conservative Party, explained that Canadian technical assistance advisers to the Third World cost these countries two times more than advisers from Britain and three times more than advisers from the Third World itself.(Roche, p. 72) The Tanzania National Milling Corporation (NMC) bakery project fiasco mentioned in Chapter 3, along with the Bangladesh Earth Satellite station and the Botswana Selebi-Pickwe mines disasters described in this chapter, have indeed confirmed that Third World countries are saddled with additional costs due to Canada's tied aid policies. The bakery project revealed that CIDA paid 96 percent more for Canadian rather than Japanese equipment.(Coulson, The Automated Bread Factory, 1975) It has also been revealed that of the 134 contracts put to tender by the World Bank in 1973, only nine bids were accepted by Canadian companies, of which one was incomplete and the remaining eight averaged about 47 percent higher than the bids that eventually won the contracts.(World Bank, Bank Experience with Canadian Procurement, 1973, p. 7) Canadian procurement, it is argued, was mainly responsible for the extra costs.

It is not the intention of this thesis to analyse the direct overall percentage costs of Canada's tied aid policies to individual countries, however, it is important to give some examples of the extra cost of tied aid. Between 1960 and 1963, it was discovered that tied aid to Pakistan led to additional costs of 51 percent.(Haq, pp. 326-359) In 1967, studies by UNCTAD indicated that tied aid increased the cost of aid to Chile by 12 percent, to Iran by 20 percent, to Tunisia by 25 to 35 percent and to Ghana by 35 percent.(United Nations, UNCTAD, The Cost of Aid Tying to Recipient Countries, No. TD/71 supp. 8)

Throughout the sixties, the United States and other donors including Canada used aid to balance trade deficits, to dispose of surplus goods, to promote exports, to create employment and to politically try to influence the foreign policy views of many recipient countries.(Briant, pp. 13-14) Most explicit is the argument that tied aid, by providing some of these factors, seemed to generate more public support for a higher level of aid than the normal level.(Carty and Smith, p. 87) The spending of tied aid funds in Canada by recipient countries assures higher administrative control. "Canadian aid is not converted by recipient countries into concubines and ... Cadillac cars, because ... our moneys are used solely to provide Canadian goods and services."(Government of Canada, Standing Committee on External Affairs, 1963, p. 59)

The tying of Canadian aid reached its peak in 1967, and even though some restrictions were eased, Canadian assistance still remains substantially tied to 80 percent of its goods and services. This prompted Lester B. Pearson in 1969 to call the tying of aid the most serious of all the limitations placed on

the flexibility of assistance. He also noted that tied aid had "spread in a contagious fashion in the 1960s, and untied aid is now the exception rather than the rule." (Pearson, p. 172) Clearly, the self interest motive of donors diminishes the value of aid and led to overall additional costs of 35 percent during the 1960s to the poor and underdeveloped nations. (Mikesell, p.252)

During the past decade, bilateral aid remained the dominant motive of economic assistance. In 1982, more than half of CIDA's bilateral aid budget was distributed to 89 countries. (Young, p. 34) Almost 40 percent of this amount was funneled to 17 of the largest recipients, among them are India, Pakistan, Indonesia, Bangladesh, Nigeria, Ghana and Tanzania. (Roche, p. 69) Estimates showed that of the \$1,825 million spent on Canadian foreign aid in fiscal year 1983-84, \$782 million or about 43 percent went towards bilateral aid and bilateral food aid. (Young, p. 33) While it is true to say that tied aid is better than no aid at all, it is also true to say that Canada and other donor countries tied aid policies have added extra costs to recipient countries, reduced their purchasing flexibility and stifled competition among donor countries. Moreover, tied aid has interfered with trade among the developing countries and has distorted foreign trade patterns, disrupted markets and bolstered inefficient industries in the developed countries. As a result, the donor's own reputation for competitiveness is undermined by its tied aid policies. Tied aid also discriminates in the sense that it is often in direct contrast with the donor's expressed preference for policies of freer trade and payments.

For recipients, tied aid means that what Canada and other donors provide may be inappropriate and far from a priority for development which

could lead to the misallocation of resources for both the donor and recipient. A case in point of inappropriate and low priority aid is the Bangladesh Earth Satellite Station.

Built with an \$8 million CIDA loan, the Earth Station was originally designed to provide communications between the West and East Pakistan. But the nine month civil war in 1971 between East Pakistan and West Pakistan created the state of Bangladesh and changed the function of the Earth Station to that of a telephone exchange for the country's meagre 30,000 subscribers. A country with more than one hundred million people and an average annual per capita income of less than \$100 US and where hundreds of thousands of children die each year from starvation and disease, CIDA should not have approved such a prestigious project. Furthermore, it cost CIDA half a million dollars a year for more than a decade to maintain the station. (Carty and Smith, p. 89)

Another example of inappropriate aid to non priority development projects is evident in the southern African country of Botswana. In 1971, the Botswana government agreed to build the required infrastructure to help Anglo-American and Amax, two giant mining companies, expand the Selebi-Pickwe copper-nickel deposit in Northeast Botswana. With no foreign currency, the impoverished Botswana government persuaded the World Bank to finance the project. The World Bank in turn convinced CIDA to loan the Botswana government \$30 million to build a coal burning power plant and related transmission systems. It is important to mention that Sweden was first approached by the World Bank, but refused to participate in the project because the Anglo-American company is based in racist South Africa.

As was expected, CIDA's tying regulations added about 25 percent to the cost of the power project over and above what it would have cost had it been put out to international bidding. CIDA's tying regulations also prevented the supply of cheaper eucalyptus trees from nearby Swaziland but allowed red wood power poles to be shipped half way around the world from British Columbia to Botswana. On top of that, the Canadian made boilers for the power plant could not burn the type of coal found in Botswana. As a result, the Botswana government had to import coal from Rhodesia (now Zimbabwe) for 18 months and shared the cost with the boiler manufacturer, Babcock and Wilcox, for converting the boilers to use Botswana's coal.

Besides the cost and design problems, the project provided fewer jobs than other mining industries and at lower wages than those in neighbouring South Africa. Also at the same time, the boycott of South Africa's products by the western nations led to a surplus of copper and nickel in the region which, in turn, decreased the price by more than 40 percent. Therefore, the Botswana Selebi-Pickwe mines project should have been delayed or should not have been developed at all. In fact, CIDA should have financed other projects which could, in the future, become more prosperous to Botswana. Development projects such as the Bangladesh Earth Satellite Station, the Botswana Selebi-Pickwe mines and the Tanzania Bakery mentioned in Chapter 3 are clear examples that CIDA's tied aid policies have benefited Canada more than the recipients. Such policies have helped to perpetuate Third World poverty and reinforced their dependency on the developed countries. (Carty and Smith, pp. 89-91)

Presumably, the long range economic aim of Canada's bilateral aid program is to help eliminate the underlying need for aid in the Third World. This aim was stressed by the Colombo Plan administrator, Nik Cavell, who in 1957 said that "All our aid is trying to do, is to help these people to help themselves".(Spicer, p. 82) Despite CIDA's dismal record in Africa and Asia, the Canadian government in 1990 has stated that the primary purpose of its aid program is to help the poorest countries and people of the world. However, many Third World leaders, for a number of reasons, preferred multilateral aid, which is the focus of the next section, to that of bilateral aid. They believed that multilateral, or untied aid, offers them more flexibility and buying power, increases competition among donors and, in the end, reduces their costs.

THE IMPACT OF MULTILATERAL OR UNTIED AID

In Canada, while direct government to government aid is still the most important form of development assistance, CIDA's contributions to such international organizations as the World Bank, the IMF, Regional Development Banks and the various agencies of the United Nations have steadily increased over the years. In 1975, CIDA devoted almost 35 percent of its budget to these international institutions, but by the early 1980s, the amount increased to 40 percent.(Carty and Smith, p. 36) This has been in response to the expressed wishes of some aid seeking countries that prefer to deal with multilateral institutions in order to obtain aid. The leaders of the less developed world believed that multilateral aid, unlike bilateral aid, is free from political strings and assured them of more flexibility in purchasing goods and services. They also recognized that large scale development programs can

only be embarked upon successfully through cooperation of all countries, both rich and poor.(Briant, p. 9) Multilateral assistance is a convenient form of aid in that it helps the proud and nationalistic leaders of the Third World avoid the embarrassment and humiliation of asking for, and accepting gifts from other sovereign nations. In fact, multilateral aid helps to strengthen their hold on power hence their political independence.(Wyse, p. 19) Canada's multilateral aid is not tied to Canadian goods and services, but most multilateral aid is generally spent on goods and services available in the industrialized countries of the North.

The World Bank was created in 1944 with the mandate to extend or guarantee loans at reasonable rates for post war reconstruction and foreign investment. This was evident with the rebuilding of Europe under the Marshall Plan but the Bank's commitment to foreign investment in the underdeveloped world met with partial success because it helped the United States, Canada and other developed countries establish subsidiaries around the world which subsequently developed into the famous transnational corporations.(Carty and Smith, p. 149) Despite its initial mandate and because of its profit oriented managers, only two of the world's poorest countries, India and Indonesia, were among the highest ten loan recipients of the World Bank. Table 4-1 shows that the others were so called middle income countries generally more suited for foreign investment because of their trade potential.

TABLE 4-1

Top Ten World Bank Recipients - 1979

	Foreign Debt - 1978 US \$ billions	Loans IBRD and IDA US \$ millions
1. India	20.5	1,492
2. Indonesia	18.8	830
3. Brazil	33.3	674
4. Mexico	31.2	552
5. Korea, Republic of	18.2	397
6. Philippines	7.5	395.5
7. Morocco	7.4	349
8. Egypt	14.1	322.5
9. Turkey	9.7	312.5
10. Colombia	4.3	311.5

Source: Lappé, Collins, Kinley, Aid As Obstacle (San Francisco: Institute for Food and Development policy, 1980); World Bank, World Development Report 1980 (Washington, 1980).

The refusal of the World Bank to help the poor countries was defended in 1978 by the then Treasurer, Eugene Rotberg, who emphasized that "We are not a social welfare agency committed to making transfer payments to solve the problems of misery and poverty." (Rotberg, p. 5) In 1960, the International Development Association (IDA) was established to assist the poor countries that were unable to obtain loans from the World Bank. The IDA extended loans with no interest and fifty years for repayment to the Third World. (Carty and Smith, p. 151) In addition to the World Bank, the International Monetary Fund (IMF) and the IDA, other financial institutions such as the Inter-American Development Bank (IDB) were created in 1960, the African Development Bank (AFDB) in 1964, the Asian Development Bank (ADB) in 1966 and the

Caribbean Development Bank (CDB) in 1970 to provide multilateral assistance in both hard and soft loans to the less developed countries.(Carty and Smith, p. 151) These regional banks work closely with the World Bank, the IMF, the United Nations Development Program (UNDP) and other UN agencies as well as CIDA to enhance political and economic stability in the Third World.(Carty and Smith, pp. 146-149)

By 1977, the total loans and grants by all multilateral agencies increased from US \$2.1 billion in 1970 to US \$7.5 billion in 1976.(OECD, Efforts and Policies of the Members of the Development Assistance Committee, 1978, p. 228) However, Canadian manufacturers secured only \$416 million in business contracts out of the \$745 million contributed by Canada. The gap between Canada's contribution and its contracts has been much larger than any other member country. For example, for every dollar contributed, Japan received \$3.16, the US got \$1.08, but Canada received only 56 cents.(Chudy, pp. 23-24) In spite of this shortfall, Table 4-2 shows that Canada is the only country in the world with a membership in every international development bank. Moreover, multilateral aid enhances Canada's image as a generous nation and creates an awareness of Canada in the Third World where there are no bilateral aid programs. It also escapes the yearly scrutiny to which bilateral aid programs are subjected and only a small amount of CIDA personnel, about 3 percent or 33 employees, were needed to administer Canada's multilateral assistance in 1978-79.(Carty and Smith, p. 146)

Canada was a founding member of the World Bank and the IMF at the Bretton Woods Conference in 1944. It was simply to ensure the survival and

success of western capitalism and to guarantee loans for foreign investment to both developed and underdeveloped nations suffering severe economic problems. For more than four decades, most of the policies of the supranational institutions were dictated by the United States. There is little disagreement to the fact that multilateral aid is not only a cost effective means of providing development assistance, but it is also important for the maintenance and operation of the global economic system.(Carty and Smith, pp. 148-150)

In 1969, the Lester B. Pearson Commission on International Development recommended that the multilateral aid budget be increased from 10 percent to 20 percent of the total world aid budget. Pearson also expressed the view that "international organizations do much to endow development assistance with the character of a truly international effort, reducing any overtones of charity or interventionism which have at times embittered the aid process in the past."(Pearson, pp. 213-214) As an apolitical development institution, the World Bank is supposed to guarantee loans to countries with reasonable rates irrespective of their political affiliation or ideologies. More specifically, the constitution of the World Bank states that "Only a look at the largest economic considerations shall be relevant to the Bank's decisions; it must not be influenced by the political character of the member or members concerned. Nor must the Bank and its officers interfere in the political affairs of any member."(The World Bank Group, Policies and Operations, 1974, p. 6)

Contrary to the Charter, managers of the World Bank and the IMF admitted that multilateral aid is "linked to political policy and thus Bank decisions may be influenced or have an influence on the domestic affairs of

TABLE 4-2

**Who Calls the Shots?
Weighted Voting in Multilateral Institutions (in % votes)**

WORLD BANK	INTER-AMERICAN	ASIAN DEV. BANK	CARIBBEAN DEV. BANK	AFRICAN DEV. FUND
(30.6.80)	DEV. BK.	(31.12.79)	(31.12.79)	(31.12.79)
	(31.12.79)			
a) Major Developed Donors	a) 24 Regional Developing Members:	a) Regional Developing Members:	a) Regional Developing Members:	a) Regional Developing Members:
United States 21.118	56.108	43.888	66.482	50.008
U.K. 7.82				
W. Germany 5.32	b) Regional Developed Members:	b) Non-Regional Members:	b) Non-Regional Members:	
France 5.31	Japan 14.448	Canada 16.768	Japan 10.058	
Japan 5.30	United States 9.98	U.K. 16.76	Canada 5.92	
Canada 3.39	Australia 6.40		West Germany 5.44	
Italy 2.62	Canada 5.83		United States 3.95	
Netherlands 2.36	Others 19.47		Sweden 3.60	
Belgium 2.24	Sub-total 56.12	Sub-total 33.52	16 others 28.96	
Australia 2.00				
Sub-total 56.48	c) Non-Regional Developed Members:		Sub-total 50.00	
	4.328			
b) 125 other members	100.008			
43.52				
100.008				

Sources: World Bank, Annual Report 1979; Inter-American Development Bank, Annual Report 1979; Caribbean Development Bank, Annual Report 1979; Asian Development Bank, Annual Report 1979; African Development Bank - African Development Fund, Annual Report 1979.

a country. "(The World Bank, Questions and Answers, p. 7) This acknowledgement empowered the World Bank, the IMF and other multilateral agencies to plan the rise and fall of governments in the Third World. During the 1970s, the IMF played the double roles of judge and jury by dictating conditions for loans and, at the same time, punished the countries which refused to accept such conditions. For instance, when Prime Minister Michael Manley of Jamaica in 1974 initiated plans to nationalize the Canadian owned Alcan Bauxite Company and launched a national political program called democratic socialism, the US responded with political and economic sanctions. For almost three years, the United States and other capitalist powers, except Canada, suspended multilateral and bilateral aid to Jamaica and dropped its credit rating, thus making it impossible for Manley to obtain loans even from commercial banks.(NACLA Report on the Americas, Caribbean Conflict, Jamaica and the US, p. 30)

These vindictive measures created such an acute economic crisis that by 1977, Prime Minister Manley was forced to renege on his political and economic plans. The destabilization of the Manley government, some political analysts contended, was a repeat of a much more cruel attempt to topple the Allende government in Chile in 1973. Allende, who was a hardened socialist, nationalized the American copper companies which, prior to the 1970s, had monopolized one of the country's chief resources. Chile was strangled economically by its creditors led by a vindictive United States and, in 1973, Allende was deposed from office by the Chilean Army. The economic and financial squeeze on Chile prompted an officer from the World Bank to say that "Allende moved too fast. Didn't he realize that the worst thing you can do is kick an elephant."(Carty and Smith, p. 156)

The experience of Manley and Allende clearly indicates that multilateral aid can be used to seriously topple or to support governments as long as the US remains the supreme power in these institutions. For forty five years, the US, the World Bank, the IMF, with the support of Canada and other donors, have used aid in a similar way to topple many Third World leaders. Some familiar examples, just to name a few, are President Joao Goulart's regime in Brazil which was toppled in 1964. In the early 1970s, the Ghanaian President was overthrown by his military leaders after the World Bank and the IMF imposed austerity measures on Ghana. In 1965, Indonesian President Achmed Sukarno was removed from power in a bloody coup.(Carty and Smith, p. 158)

In spite of these actions, Canada's Finance Minister in 1974 insisted that "The government of Canada considers that approval of loans by international financial institutions should rest on technical and not political criteria."(Carty and Smith, p. 158) In reality, Canada cooperated with the vindictive actions by the US and the international financial institutions against President Allende of Chile and many other Third World leaders. However, Pierre Trudeau's personal friendship with Manley resulted in \$72.654 million of Canadian aid to Jamaica during Manley's reelection in 1976.(Fromm, p. 37)

While Canada supports 65 multilateral institutions at home, most of its multilateral contributions, over 70 percent, go to the international financial institutions in which the United States contributes 40 percent of the capital, controls 40 percent of the votes and makes most of the decisions.(Payer, p. 217) Canada's relatively insignificant contributions of 3.39 percent and 4.73 percent to the World Bank and the Inter-American Development Bank (IDB) respectively have made Ottawa a supporter rather than an initiator of

multilateral aid policies (see Table 4-2). "Ottawa will never be more than a second string player within the World Bank, the IMF and the Inter-American Development Bank."(Carty and Smith, p. 146) The Canadian government Foreign Policy Review in 1970 acknowledged that "We could not expect to find the same sympathy for Canadian interests or support for Canadian policies amongst the other nations with which we are associated in the world community if we were unwilling to bear our share of our collective responsibilities."(Government of Canada, Foreign Policy for Canadians, pp. 9-10)

However, despite CIDA's acknowledgement that not all the policies of the multilateral institutions are acceptable to member countries as well as to recipients, they accept Canada's secondary role as facilitator of policies established by the United States. Furthermore, CIDA supported the policies because its officials knew from experience the penalties for defiance. Two of the most highly publicized defiance cases were in 1960 when Prime Minister John Diefenbaker ignored the US embargo on Cuba and in the 1970s when Pierre Trudeau continued financial support for the Jamaican government despite warnings from the United States to cut aid from Jamaica.

During its forty five year history, the multilateral aid agencies, particularly the World Bank and the IMF, have continually stated that they are cooperative and apolitical institutions, mandated to correct the economic imbalances of the western world. They have been praised by financial aid experts such as Lester B. Pearson, Robert McNamara, as well as by the late Willy Brandt, former Chancellor of West Germany. National aid agencies around the world have supported the multilateral approach and many Third World leaders

prefer multilateral aid over bilateral aid because it enhances their credibility.(Carty and Smith, p. 162)

Today, the reality is that the World Bank and the IMF, to which Canada is a small but necessary component, have become so powerful, not because they have enhanced global cooperation but because they have pushed the poor countries into a framework developed primarily by the United States and supported by the capitalist powers. They have established themselves as the natural leaders of the development and drive to advance western economic interests in the world's poor countries and have played the role of international policemen by determining the conditions for loans. They have also supported governments favourable to US policies even though these policies were not in the interest of the indigenous populations. Recently, the United States and these multilateral institutions assumed new authority as world governors by intervening effectively into the political and domestic affairs of many developing countries.(Carty and Smith, pp. 162-163) The invasion of Grenada in 1983 by the Reagan administration and the military assault on Panama which led to the removal of its president, General Manuel Noriega, in 1989 by President Bush are two well known examples.

The multilateral institutions created to promote foreign investment have not been totally successful. After more than forty years, the number of people living in absolute poverty has increased significantly and the Third World debt has increased by more than 500 percent to about US \$1 trillion. Two thirds of this debt is owed by Latin America and just eight countries account for some US \$308 billion.(Government of Canada, Sharing our Future, p. 57) The

frustration caused by the multilateral agencies was summarized in 1972 by President Allende of Chile who said that

The peoples of the world will not allow poverty and affluence to exist indefinitely side by side. They will not accept an international order which will perpetuate their backward state. They will seek and they will obtain their economic independence and will conquer underdevelopment. Nothing can prevent it - neither threats, nor corruption, nor force. (Carty and Smith, pp. 163-164)

However, many will agree that food aid, which is the focus of the next section has been the primary response of western countries, particularly the United States and Canada, to famine in Africa, Asia, the Caribbean and Latin America.

CANADA'S FOOD AID PROGRAM

During the 1980s, television has brought the ugly spectacle of famine and death from some of the poor countries mainly in Africa to the homes of North Americans and Europeans. Massive global hunger and starvation have resulted from wars, natural disasters, economic exploitation and political repression in many of the developing countries. Although it has often been stressed that while one of the basic human goals is to feed all the world's people adequately, nonetheless, it has proved to be a very difficult and complex challenge. Today, there are approximately one billion more mouths to feed than there were in 1974, and global food supplies, particularly grain are in abundance. However, many underdeveloped countries are facing severe food shortages and more than one billion people world wide are

suffering from acute malnutrition in addition to the fourteen million children who die each year from poverty and disease. (Government of Canada, Canada's Official Development Assistance Program, p. 81)

The record of the underdeveloped countries to feed its people has been a dismal one. In some regions, notably Africa, the annual growth rate in food production declined while its population increased by 33 percent alone in the 1970s and more than doubled between 1950 and 1980. Simply put, food shortages in Africa mean hunger and, for many, death by starvation. Some examples are Angola, Ethiopia, Mozambique, Sudan and, most of all, Somalia. As the continent becomes the focus of the world's worst food problem, Asia remains the home of the largest number of the world's poor and hungry people, while poverty and malnutrition continue to plague the Caribbean and Latin America. (Government of Canada, Canada's Official Development Assistance Program, p. 81)

The necessity for food aid is partly due to a lack of agricultural production and partly from the volatile international grain markets. High prices coupled with world shortages, natural disasters and wars have led to massive starvation, disease and death in the poor countries. For these reasons, Canada and other donor countries have undertaken under the Food Aid Convention to provide food assistance to the less fortunate people in the developing world.

Like foreign policy, Canada's food aid program is similar to that of the United States in its use of food aid as a means of surplus disposal for the benefit of the domestic economy. Canada's food aid program began in

1951 with a \$10 million shipment of Canadian wheat to India under the Colombo Plan. CIDA officials later confessed that the 1951 wheat sale to India came at a time when food production was on the rise in Canada and European markets were on the decline due to the economic recovery of Europe.(Carty and Smith, p. 116)

The surplus of wheat in Canada and the need for it in Asia increased sales from \$645,000 or 1.9 percent of the total bilateral aid budget in 1956 to \$5 million or 29.6 percent of bilateral spending in Canada. The following year, the Diefenbaker administration increased food aid to \$12.5 million.(Spicer, p. 180) Government officials believed that the increased wheat sales to the Asian countries helped to reduce the surplus of Canadian wheat and alleviate hunger and starvation in the region. This view was echoed by Prime Minister Diefenbaker during his Asian Commonwealth tour in 1958. According to the Civil and Military Gazette of Lahore, Diefenbaker said that

in view of the fact that we have in Canada a tremendous surplus of wheat, we would naturally hope, if not expect, that these countries would take a large share of wheat and flour under the Colombo Plan. It is our hope that in the next few years a substantial portion of our contribution will be made up of wheat. Such wheat shipments would help to cut Canada's vast surplus as well as play their part in the Asian Government's battle against their ever present food shortage. The Asian countries, as fellow Commonwealth members, should be willing to help Canada's problems as well as their own.(Spicer, p. 181)

The Prime Minister's view of Commonwealth unity was rejected by the two largest recipients, India and Pakistan, in 1954 mainly because the US paid

for nearly all the shipping charges for its food aid to Asia while the recipients of Canadian food aid had to pay their own freight costs. Thus Canadian food aid, even though given as a grant rather than a loan ended up costing more to recipients in terms of their foreign currency. (Spicer, pp.181-182)

In 1963, the Liberal government's intention to increase Canada's food aid to \$40 million and to separate all of Canada's food assistance, including contributions to the UN food relief agencies did not materialize as expected. Firstly, the huge amount of wheat sales to the Soviet Union delayed the \$40 million target to 1966-67, and secondly, confusion over development assistance by the Minister of Trade and Commerce, Mitchell Sharp, led to the abandonment of such plans.(Spicer, pp. 183-184) However, as shown in Table 4-3, throughout the 1970s, Canada's food aid disbursements under CIDA increased significantly to reach \$237.51 million in 1976-77. Sixty three percent of the amount was in bilateral aid while multilateral plans such as the World Food Program account for the rest.(Carty and Smith, p. 117) (For a complete breakdown of Canada's bilateral and multilateral food assistance between 1987-1990, see Appendix B.)

While wheat and wheat products make up most of Canada's food aid packages, other products such as milk powder, rapeseed, rapeseed oil, cheese, fish and egg powder were added whenever there were surpluses. Since 1960, Canadian wheat farmers have produced about 10 percent of world output, but account for more than 20 percent of the global wheat trade. The Canadian government on numerous occasions insisted that its food aid had directly helped the poor countries in times of natural disasters such as floods, droughts and epidemics. It assisted these countries to

TABLE 4-3**Canada's Food Aid Disbursements, 1971-1980**

fiscal year ending March 31	Total Food Aid*	Food Aid as Percentage (\$ millions)
1971	04.16	30%
1972	80.50	20%
1973	112.41	22%
1974	115.21	20%
1975	174.57	23%
1976	222.54	25%
1977	237.51	25%
1978	232.52	22%
1979	194.44	17%
1980	187.71	15%
Total 1971-1980	1,661.57	21%

* Bilateral and Multilateral included.

Sources: CIDA, Annual Reports, (various years); CIDA, Strategy for International Development Cooperation 1975-1980, (Ottawa, 1975).

continue their development programme without having to use resources which were urgently needed for basic economic development. It has also helped to improve their foreign capital and has served to moderate the inflationary impact of the growth in domestic consumer demand generated by increasing development expenditures and rising incomes. (Government of Canada, Standing Committee on External Affairs, 1960, p. 35)

However, the International Economic and Technical Cooperation Development (IETCD) Administrator in 1951 said that "The Colombo Plan was not designed for that kind of relief, the intentions ... were to provide capital

equipment of a permanent nature which could raise the standards of living."(Government of Canada, Statement and Speeches, No. 51/38, p. 4)

Four years later, the administrator declared that

We are most anxious ... not to dissipate our funds in relief measures. It is most unfortunate that many of these people should not have enough to eat, but they will always be in that condition unless we use our funds to put them in a better condition. We are trying ... to give these people ... facilities to grow their own food and to help themselves They will never become self supporting if we send them food.(Government of Canada, Standing Committee on External Affairs, 1955, p. 704, and 1956, p. 143)

Contrary to the above statement, the Colombo Plan Administrator felt that it was extremely difficult to turn down requests for food because "as our Oriental friends point out to us, ... it is useless to give us beautiful equipment for use in two or three years time if in the meantime we have all died of famine."(Government of Canada, Statement and Speeches, No. 51/38, p. 4)

Most interestingly, as recent as 1980, the federal cabinet was divided as to whether to help underdeveloped countries increase food production or to promote Canada's interests by just selling them food. According to former Trudeau foreign affairs advisor Ivan Head, "Those who argued that it was in Canada's interest that the developing countries continue to rely on Canadian wheat and wheat flour argued that it was not in our interest, therefore to assist them to grow their own food."(Government of Canada, Minutes of the Special Committee on North South Relations, Issue No. 24, p. 23)

In a number of ways and on various occasions, food aid has benefited donors more than recipient countries. For the donor, it is a form of surplus disposal, to create jobs, to improve trade exports as well as to maintain stable

prices. In the Third World, Canadian food aid has helped to keep some hungry people alive, but it has inhibited agrarian reforms and promoted underdevelopment. Furthermore, food aid undercuts the domestic market prices of the small farmer in the recipient countries, thus forcing him into bankruptcy. Food aid also releases valuable foreign exchange capital for Third World governments to use for the purchase of other essential imports on the world markets.

However, the inclusion of non grain food into the Canadian aid basket creates absurdities in many countries. It has been known that Vietnamese, whether they are from the North or the South, are not fond of butter, yet the Diefenbaker government in 1959 donated \$60,000 worth of surplus Canadian butter to South Vietnam. Another example was in 1976 when CIDA officials sent \$700,000 worth of surplus milk powder to help the victims of the February earthquake in Guatemala. The milk powder was indigestible to a large section of the population; as a result, many became ill with diarrhea and other serious illnesses. Some of the milk even ended up on the shelves of grocery stores in wealthy districts in areas not affected by the earthquake. (Toronto Star, March 3, 1976, p. A-21) It is important to point out that the milk problem is not peculiar to Guatemala and CIDA officials knew that about 60 to 90 percent of the poorest people in the Third World does not have the enzymes necessary to digest the lactose in cow's milk.

Aside from its apparent benefit to the Canadian economy, the question is, does food aid really accomplish all that it claims? In the short run and particularly in emergencies such as natural disasters, food aid can play a useful, temporary role and is a necessary form of relief in such situations. In

the long run, the food aid from the industrialized countries including Canada helped neither the hungry nor the struggling farmer in the Third World.

Bangladesh, the recipient of \$10 billion worth of food aid since 1978 and Canada's second largest food aid recipient after India, is a clear illustration of the dilemma. Despite record harvests and large scale food aid, 360,000 infants and young children died of malnutrition in 1976. Only 19 percent of the 600,000 tons of food aid to Bangladesh that year reached the poor and destitute. In fact, most of the food aid to Bangladesh went to feed personnel in the military police and the civil service. (Carty and Smith, p. 124)

Canadian food aid which began more than forty years ago has not solved the hunger and starvation in the world. There are more hungry people in the Third World now than there have ever been; more than two billion poor people do not have enough to eat to meet their energy requirements. Over half a billion of these are malnourished and, as mentioned earlier, every year 14 million children die from malnutrition and disease.

For many recipients, food aid creates an unreliable and a perpetual dependence on foreign supplies. The tragic truth is that food aid is always available only so long as it is surplus in the donor country. When prices are high and food crops are small, food aid is quickly terminated. Hence, free or cheap food turns out to be costly and deadly for many in the Third World.

Therefore, the direction Canada and other donor countries should pursue is not short term food relief that leads to disappointment and grief, but rather long term strategy of development that will lead to a higher level of self

sufficiency in the Third World. In this context, Technical and Educational Assistance which are vital elements of Third World development are discussed in the following section.

TECHNICAL AND EDUCATIONAL ASSISTANCE

In the 1950s, it was recognized that the attainment of a stable and decent world order cannot be based on continual donations of goods from the rich to the poor countries. Each nation, as with each individual, can best protect and maintain its dignity and independence if it is economically strong. It has long been said that "economic development is a long term proposition ... based upon the building of sound indigenous institutions in the underdeveloped areas, staffed by personnel with a high degree of technical training."(Stanford Research Institute, Significant Issues in Economic Aid to Newly Developing Countries, p. 38)

Despite massive transfers of development assistance to the less developed countries over the last forty years, only marginal improvement has been achieved in the standard of living in a few countries. In the last few years, a new consensus regarding development has begun to emerge. It is primarily based on the concept of self reliance, not only in commodities and capital goods, but also in the generation of educational and technical knowledge. For Canada, it implies a progressive diversion of funds from direct aid towards the application of training technical and educational personnel in the Third World, since these personnel cannot be spared in substantial numbers from Canada.

It is evident that a balanced external aid program is in the interests of both the donor and the recipient and must be accompanied by technical aid. For decades, it has been common knowledge that the poor countries suffer from a chronic shortage of skilled personnel and facilities to conduct training. Their need for assistance in this area is at times greater than other forms of aid. Surplus food, for instance, will solve some of their immediate problems, machinery and equipment may yield good returns for a decade or two, but education and training can yield positive returns indefinitely.(Spicer, pp. 214-215)

Simply put, technical assistance advances development by providing knowledge. It is the human contribution of ideas and skills to economic progress without which financial aid is useless. It is also the supply of suitable information for equipment, the training of Third World professionals and students and the mingling of donor's and recipient's professional personnel. "Technical assistance means sending abroad Canadian professors, teachers and technical advisers, and bringing students and trainees to Canada for courses in both the academic and technical fields."(Spicer, p. 213)

Canada's technical assistance program began in 1950 with the creation of the Interdepartment Group on Technical Assistance. Prior to 1960, only engineers, technologists and medical doctors were sent to Asia. But the backwardness of these countries and the emergence of the new states in Africa and the Caribbean required more general education at every level. As a result, Canadian technical assistance was divided between technical experts and teachers and the number of Canadians who served abroad increased from 48 in 1960 to 418 in 1965.(Spicer, pp. 214-215)

While Canada's technical assistance in 1965 accounted for only 12.5 percent of Canada's total bilateral grants (Spicer, p. 215), yet it is in this area, perhaps more than any other, that Canada is best equipped to help. Consequently, aid in this form since 1970 has been given greater emphasis. In addition to technical experts and teachers, other skilled personnel such as construction workers, nurses, technicians and technical administrators constitute the bulk of technical and educational assistance to the Third World. Appendix C shows that CIDA supported more than 6,000 experts overseas in 1989-90. A large portion of Canadian technical assistance is through the United Nations and its agencies like the UNDP, UNICEF, WHO among others as well as the Commonwealth Technical Assistance Program (CTAP) and for Francophone Africa, le Programme Special de developpement (PSD). (Government of Canada, Canada's Official Development Assistance Program, p. 70) During the 1989-1990 calendar year, CIDA supported more than 11,000 students and trainees in various fields in Africa, Asia and the Americas. (See Appendix D)

Since 1968, CIDA has spent over \$50 million annually to send Canadian technical advisors and teachers overseas as well as to train Third World students in Canada. Rooted firmly in the concept of underdevelopment, Canadian technical assistance assumes that Canadian professionals could impart to the Third World the knowledge it needs. Technical assistance also helps to boost Canadian exports in the sense that Canadian advisors working in the Third World are likely to recommend the purchase of Canadian products to their Third World counterparts. In addition to these direct achievements, technical aid in general provides the opportunities for personal contacts and exchanges which over the years have strengthened

Canadian understanding of development problems. It has also generated support for the aid problem from a large sector of the Canadian population. Technical aid has made many Canadians aware that the Western way of life and of doing things cannot fit easily to the conditions and cultures which have existed for centuries in the Third World.

Like bilateral aid, technical assistance grants oblige recipient countries to pay Canadian advisors and teachers at Canadian rates. With allowances, salaries and living expenses, it costs about \$90,000 annually for an overseas advisor. In contrast, volunteers from the Canadian University Service Overseas (CUSO) cost about \$15,000 annually. Moreover, technical experts, because of their isolation from the real needs of the local people, insensitive to their cultures and indifferent to their opinions, often try to impose northern ways on southern societies. In many instances, the inappropriate selection and execution of aid projects due to CIDA's tying restrictions increased the costs of aid to recipient countries. What the Third World needs is simple technology to develop tropical products and technical experts and advisers who understand land reform and rural development projects. Many will agree that Canadian technical assistance is more appropriate to the Third World and should be expanded. But as long as CIDA continues its tied aid policies, Canadian aid will be unable to make significant contributions to the very types of development programs - basic needs and rural development efforts that will make the poor peoples of the Third World become self sufficient. Technical assistance is only part of the answer and part of the solution for development in the Third World. As explained in the following sections, most Third World countries are in desperate need of financial aid such as low interest loans and grants.

FINANCIAL AID: LOANS AND GRANTS

Financial aid may be given as a grant or a transfer of resources from the donor to the recipient with no obligation to repay. The grant could be given in commodities, services or cash and may be loaned instead of granted; that is, furnished by the lender on the understanding that it will be paid for by the borrower. Furthermore, there are interest free or interest bearing loans as well as short-term, medium-term and long-term loans. In many cases, special conditions are attached to the receipt and use of both loans and grants to the underdeveloped countries by the developed world and supranational institutions.(Asher, p. 6)

However, the fundamental difference between a loan and a grant is that a loan has to be repaid, a grant does not. Financial aid, meaning cash or credit, has always been the foundation of Canada's multilateral aid program. In addition to the traditional cash grants and subscriptions to the United Nations Agencies, Canada's financial assistance since 1966 has been extended to include bilateral concessionary loans, export credits, private investment and special grants to Canadian voluntary aid agencies.(Spicer, p. 197)

CANADIAN GRANTS

Grants are perhaps the most welcome form of aid in the Third World because, unlike loans, there is no repayment and they impose no extra cost on the recipient's balance of payments. Since 1949, all of Canada's cash

development grants have been directed to UN programmes, through the World Bank or the UN General Assembly. The United Nations Expanded Programme of Technical Assistance (EPTA), founded in 1949, was the first to receive grants from Canada. By 1965, Canada was the sixth largest donor to the EPTA with a total subscription of US \$31.4 million.(Spicer, p. 199)

Canada also donated US \$2.8 million to the UN High Commissioner for Refugees (UNHCR) and US \$18.8 million to the International Refugee Organization (IRO) between 1951 and 1965. In 1965, Canada became the third largest donor to the United Nations Relief and Works Agency for Palestine Refugees with a total contribution of US \$17.9 million. Other Canadian grants to the UN by the end of 1965 include a US \$16.4 million to UNICEF and US \$5 million to the World Food Programme (WFP).(Spicer, pp. 200-201)

For the past two decades, most of CIDA's grants to the less developed countries have been agricultural surplus disposal, educational and technical assistance, community development and health services. In these areas, the effect on development for the recipient countries is indirect and often very long term. For the donor, such grants create good will which could lead to economic benefits. However, since its creation in 1968, CIDA has placed very little emphasis on direct government grants to the poor countries. Canadian grants to the United Nations and its agencies have been publicized and measured on a per capita basis against other donor countries such as the United States, Germany, Japan, Britain and France to gain public support at home. According to one federal government official, the usefulness of grants are also "to preserve a reasonable friendship between

Canada's contributions on the one hand, and those of other major donors."(Spicer, p. 202)

Aside from the UN, Canadian grants since the late 1970s assumed several new forms. These include the rescheduling of Third World debts where the deferred interest payments are included as grants and the loans that were written off by Canada for twelve poor countries in the Third World in 1977.(Carty and Smith, p. 60) In the late 1980s, Canada donated \$90 million as grants to more than 150 Canadian NGO's working on projects in the underdeveloped countries.(Government of Canada, CIDA Annual Report 1989-1990, p. 50) However, the giving of grants is not based solely on Canada's generosity, but also as a consequence of a variety of external and internal pressures.

CANADIAN LOANS

Canadian development loans are extended through both multilateral and bilateral channels. The conditions for making each loan differ widely according to the needs of each recipient. All of Canada's multilateral loans are directed through the World Bank as well as the regional banks to finance projects in the underdeveloped countries. Indeed, while all the underdeveloped countries need loans, many do not have the capacity to borrow due to shortages of foreign currency. Consequently, the International Development Association (IDA) was established to offer soft loans to the least developed countries and hard loans were extended to more developed nations.

As it turned out, many of the poorer countries prefer soft loans because it is repayable in the currency of the borrowing country. Soft loans allow the recipient country to receive financial assistance on favourable terms, low interest rates, fifty years to pay with ten years grace. Hard loans in contrast to soft loans are usually repayable in the currency of the lending country.(Spicer, p. 206)

Canada began extending loans to the World Bank in 1946, and by 1959 its subscriptions doubled to reach US \$750 million in 1965. Canada also made her first soft loan contribution of US \$41.7 million to the IDA in 1965.(Spicer, pp. 204 and 206) Another arm of the World Bank, the International Finance Corporation (IFC), founded in 1956, was designed to help private enterprise.(Spicer, pp. 204-205) It did so by providing loans "in cases where sufficient private capital is not available on reasonable terms, by creating new investment opportunities through bringing together domestic and foreign investors and experienced management, and by generally stimulating the flow of private capital into production investment."(Spicer, p. 205) Canada, in 1965, contributed US \$3.6 million in the form of loans to help the IFC achieve its objectives.(Spicer, p. 205)

Canada's first bilateral loans went to India in 1957 and to Ceylon, now Sri Lanka, in 1958 for the purchases of Canadian wheat and flour. These loans, which were to help relieve poverty and famine in both countries, were extended at 4.5 percent with a three year grace period and seven years to repay.(Spicer, p. 206) However, Canada's permanent soft loan program was established in 1965 with an initial capital of \$50 million and lending terms comparable to those of IDA. The aims of the loans were to improve the

educational, technical and economic projects in the least developed countries.(Spicer, p. 207)

Throughout the sixties, the Canadian government's Export Credits Insurance Corporation (ECIC) extended credits for up to twenty years to developing countries to purchase capital equipment from Canada. Like other types of foreign aid, Canada's ECIC export credits were designed to boost Canada's economy. For instance, in 1960, the Minister of Trade and Commerce, Mr. George Hees, told the House of Commons that "Through this arrangement, Canadian industry is being given full support to help increase Canadian exports and to stimulate employment Canadian exporters of capital goods will thus be enabled to meet credit competition from foreign suppliers."(Government of Canada, House of Commons Debates, November 25, 1960, p. 189) Of the \$230.2 million ECIC credited to countries with good credit ratings, 80 percent was tied to Canadian procurement. (Spicer, p. 208)

Canada's economic interests as enshrined in Section 21A of the ECIC Act states that

the transaction must involve the purchase of capital goods of a sophisticated nature and be of substantial value at least \$2 million; the project must be economically feasible; the foreign buyer and the country of purchase must have a satisfactory credit standing; the Canadian content must be not less than 80%; and the transaction must give rise to significant employment and industrial benefits in Canada as well as giving promise of continuing export trade.(Government of Canada, ECIC Annual Report and Financial Statements, p. 8)

In other words, export credit is designed primarily not to assist the poor countries that need aid the most, but those with export potential. Thus, the ECIC Act helped to secure safe and profitable business for large Canadian manufacturers, notably the sale to India in April 1964 of a Candu nuclear reactor. As a result, the ECIC aid credits were both praised and apologised for on March 13, 1964 by the Minister of Trade and Commerce, Mr. Mitchell Sharp, who said that "while this type of hard aid was initially designed to place Canadian manufacturers in a competitive position with exporters in other aid-giving countries, these loans also represent a flow of financial resources which are greatly desired by the less developed countries." (Government of Canada, Trade Publicity Branch, Minister's Speech, pp. 5-6) As with all other kinds of Canadian aid, its effectiveness depends upon the policies of the donor and recipient countries. Among Canada's foreign aid program, bilateral aid accounted for almost half of the total bilateral aid disbursed between 1970 and 1975, (see Table 4-4) because it yields direct benefits to the Canadian economy.

In general, it is incumbent on the donor country to provide aid that is within its technical and economic competence and on the recipient country to follow domestic policies designed to restrict non essential consumption. Recipient countries should also direct resources into capital formation, education, health and other productive areas in order to become self sufficient.

TABLE 4-4**Breakdown of Canadian Disbursements by Program
(\$ millions rounded)**

(Fiscal Year)	<u>1970/71</u>	<u>1971/72</u>	<u>1972/73</u>	<u>1973/74</u>	<u>1974/75</u>
Bilateral	178 (51.4%)	205 (51.9%)	223 (44.0%)	272 (46.3%)	339 (45.7%)
Multilateral	50 (14.5%)	82 (20.8%)	137 (27.0%)	165 (28.1%)	182 (24.5%)
Food Aid	104 (30.1%)	80 (20.3%)	112 (22.1%)	115 (19.6%)	175 (23.6%)
Other	14 (4.0%)	28 (7.1%)	35 (6.9%)	36 (6.1%)	46 (6.2%)
Total	346 (100%)	395 (100%)	507 (100%)	588 (100%)	742 (100%)

Source: Historical Statistics, Policy Branch, CIDA, Ottawa, 1980.

CHAPTER 5

CANADIAN AID: THE RATIONALE FOR ITS FAILURE

Following World War II, there has been a fairly continuous flow of humanitarian aid from Canada and other industrialized countries to help relieve the pain and suffering of the world's poor and displaced people. Most of the aid programs have been efforts by individual countries, with the United States playing the dominant role. They were coordinated by the United Nations and its specialized agencies, with little thought given to the long run economic development needs of the poor countries or to the relationship between aid and commercial policies and the internal economic needs of donors. In all, it appeared that economic growth in the Third World would depend on foreign aid rendered in many forms from the developed countries.

Perhaps it should be regrettable that the term foreign aid was ever coined. From the beginning, the connotation and intent of foreign aid was synonymous with charity. During the early 1950s, foreign aid was recognized as a wise investment by the developed countries to help maintain world peace, stability and economic prosperity as well as to expand their domestic economies and increase world trade. Like all aspects of foreign policy, Canadian foreign aid allocation was not only fashioned by international pressures, but also to the hopes, fears and prejudices of domestic politics.

Fortunately, there are compelling reasons to believe that underdevelopment in the Third World originated mainly in the capitalist West.

The role played by colonialism, neo-colonialism, and the current international trade, monetary and investment structures should not be ignored. These structures have shaped and moulded Third World economies to meet northern needs for raw materials, markets and investment opportunities instead of meeting the most basic needs of local peoples. While the unjust international structures which perpetuate poverty in the Third World are significant causes of underdevelopment, domestic political structures are also obstacles to development.

These views are shared by many conspiracy and dependency theorists as well as economists. However, Andre Gunder Frank, a leading dependency theorist, attributes the development of underdevelopment solely "to the historical expansion of the capitalist system which effectively and entirely penetrated even the apparently most isolated sectors of the underdeveloped world. The penetration process is viewed as being fuelled by capitalism's need for external sources of demand and profitable investment outlets."(Kegley Jr. and Wittkopf, p. 102)

Contrary to Frank's argument, population theorists have insisted that overpopulation hampers economic growth in the Third World because the surplus population, largely unemployed, consumes resources - food, education, health care, etc. - which otherwise could be used for investment. Some capitalist theorists, on the other hand, argued that "the poor nations aren't poor because they have been exploited by the rich ones, but because of various combinations of meager natural endowment, adverse climate, cultural impediments, and inappropriate policies."(Carty and Smith, pp. 77-78)

As the foregoing suggests, theorists disagree about the cause of underdevelopment in the Third World. But what is beyond dispute is that, after more than forty years of self rule, the developing countries have not benefited much from trickle down economics. Instead, they have been price takers rather than setters and are relegated to the status of hewers of wood and drawers of water in the international market place because the developing countries need the products and services of the developed countries much more than the latter need the output of the former. Upon achieving independence, the developing countries have also inherited rather than initiated policies and rules governing the international trade, commerce and financial structures. These structures along with donors like the United States and Canada's tied aid policies have, over the years, created global disparities in income and wealth that divide the North and South. The Third World dependency on technology from the developed world has also widened the poverty gap between the rich and poor countries and has, to a large degree, impeded development in the developing countries. These are the bare facts and the naked truth espoused by many international experts for the failures of Third World development.

THE SELECTION CRITERIA FOR AID RECIPIENT COUNTRIES

Since its inception in 1950, all of Canada's bilateral aid program, however large, are based on politics. Although the selection criteria of countries may rest on many factors, its aim is to strengthen Canada's influence among recipients. Such policies which were supported by all the federal political parties have led to the concentration of foreign aid in the Commonwealth nations of Asia, Africa and the Caribbean as well as the non

Commonwealth countries of French speaking Africa and Latin America.(Spicer, pp. 53-54) Because of Canada's Commonwealth ties and its historical association with Britain, almost 90 percent of Canadian bilateral aid went to the Commonwealth countries during the 1950s and 1960s.(Spicer, p. 54)

Over the years, federal politicians and bureaucrats have given several reasons for giving such high considerations to the Commonwealth countries. First, Canada and her Commonwealth sisters emerged from similar political traditions in the sense that both were former British colonies with intimate diplomatic and trading relations. Second, the concentration of Canadian aid in a few countries was for maximum effect for a country with a relatively modest aid budget. Further, the Commonwealth provided Canada with an opportunity to direct its aid to countries with which it had historical ties. Aid went to the Commonwealth nations because they had inherited stable, competent and honest administrations from the British. (Armstrong, p. 45) In 1955, the Colombo Plan administrator, Nik Cavell, said that "India, Pakistan and Ceylon have planning boards and five year plans Still more backward countries ... have not as yet been able to evolve realistic plans We shall not give them any capital assistance until they have plans into which we can fit that assistance."(Government of Canada, Standing Committee on External Affairs, 1955, pp. 700-701) In addition, Canada's natural concern for the poor and underdeveloped countries was to convince English Canadians that Commonwealth aid was a fraternal obligation.(Armstrong, p. 45) The concentration of aid to the Commonwealth was defended in 1961 by the Assistant Under Secretary of State for External Affairs, Mr. John W. Holmes, who said that,

we must not dissipate our resources, ... we are obliged to concentrate our efforts so that we can achieve results in chosen places rather than disperse them ineffectually in the vain hope of multiplying the number of our friends We have fixed our attention on specific Commonwealth countries and thereby made some impression on their economies If we must choose, there is good reason for choosing areas to which we have a prior commitment for political and historic reasons.(Spicer, p. 55)

It was these arguments that led to the dispersal of 88 percent of Canada's bilateral aid to the Commonwealth nations in 1964-65, the creation of the Commonwealth Caribbean Assistance Program in 1958 and the Special Commonwealth African Aid Program (SCAAP) in 1960. It has also led to the creation of several other aid programs exclusively to the needs of the Commonwealth nations. These include the Commonwealth Technical Assistance Program (CTAP), the Commonwealth Scholarship and Fellowship Plan (CSFP), the Caribbean Program and the well known Colombo Plan.(Spicer, pp. 55-56) Ottawa's claim that the priority of aid to the Commonwealth was due to Canada's special feeling and relationships toward her Commonwealth sisters. Since history is thought to have created a bond between Canada and her Commonwealth sisters, therefore it was only wise for the Canadian government to select, strengthen and support old relationships before distributing its meager aid budget elsewhere. However, contrary to Ottawa's claim, it was pressing domestic needs such as a weak Canadian economy and high unemployment coupled with international pressures from the United Nations, the United States and the threat of Communist expansion that were mainly responsible for the selection of aid recipients. Canada's self interest motives were mirrored in its tied aid policies throughout the Commonwealth while development needs were secondary.

Unlike the Commonwealth, a wave of nationalism in Quebec during the early 1960s forced Ottawa to develop an aid program for the French speaking states in Africa. As mentioned earlier, a group of prominent Quebecers in 1960 and 1961 attacked the federal government for its failure to respect the "two nation" theory of Confederation and Quebec's aspirations in its aid program. Consequently, 0.6 percent of Canada's bilateral aid budget was allocated for education in Francophone Africa in 1963. By 1965, four million dollars, or 8 percent of the total bilateral aid budget, was dispersed to eighty million people in 21 Francophone African states. (Spicer, p. 57)

Since then, aid to Francophone Africa increased with the rising demands of Quebec within Confederation but was not equal in volume and type to that given to Commonwealth Africa. The demand for a separate and distinct French Canadian aid program by Quebecers was rejected by Ottawa for several reasons. First, the federal government insisted that the former colonies of Belgium and France had primitive institutions compared to those of Commonwealth Africa. Moreover, neither Belgium nor France, in spite of their excellent record in classical education and social services, prepared African civil servants for self rule before their colonies gained independence in the late 1950s and 1960s. (Spicer, pp. 58-59)

Second, most of the top civil service jobs in the French speaking states were held by some twelve thousand European Frenchmen who were hostile to Canadian teachers and overseas advisers. On the other hand, Canadian university degrees were not recognized in the Francophone states, because their educational systems were geared toward those of France. "Ce

problème domine l'envoi des professeurs canadiens pour l'enseignement public."(Robert Cornevin, Le Devoir, May 27, 1961)

Third, during the early 1960s, Canada did not have enough qualified French technical advisers and academic teachers for overseas service because "nous en manquons nous-mêmes, surtout à l'échelon secondaire."(Charles Bilodeau, La Presse, April 6, 1961, p. 6) Indeed, while 30 percent of the Canadian population was French, only 8 percent went to technical schools, the great majority chose non technical sciences.(Le Magazine McLean, Vol. 5, No. 5, May 1965, p. 70) Thus Quebec's own weakness in technical resources was by far the greatest restriction of aid parity between Francophone and Commonwealth Africa.

Clearly, there is a link between domestic political priorities and external policy in Canada's relations with Francophone Africa. The use of aid to strengthen Canada's national unity by satisfying the demands of the French Canadian elite does not leave much hope for the objectivity of Canadian foreign policy. It is sad, but true to say that Canadian aid went to Francophone states in Africa mainly because of Quebec's nationalist fervor. In this particular case, aid was used to settle political domestic battles in Canada and not for the good of overseas development.

The selection criteria for aid to Latin America were based on external pressures mainly from the United States, Quebec-Canada relationships and commercial interests. For many years, the United States was interested in getting Canada to join the Organizations of American States (OAS). Following the 1959 Cuban Revolution, more pressures were applied on Canada by the

US to develop an aid program for Latin America in order to prevent similar actions. However, it was not until 1964 before Canadian aid was dispersed to Latin America through the Inter-American Development Bank (IDB).

In English Canada, aid to Latin America was justified on the grounds of political and commercial interests. In the early sixties, the Spanish-Portuguese republics to the South represented a growing market where Canada was losing opportunities. In the eyes of politicians and businessmen, Latin America, more than any other Third World region, offers the greatest short term prospects for Canadian exports and investments. (Carty and Smith, pp. 66-68) Whereas, in Quebec, such aid is motivated by cultural and, to some extent, religious affinity as well as economic interests. (Spicer, pp. 61-62)

Throughout the late 1960s and 1970s, the pattern of aid allocation continued under CIDA with some minor changes. Aid was suspended to countries with repressive regimes, Chile in 1973 and Brazil in 1976 are two examples. (Government of Canada, "A Review of Canadian Development Assistance Policy in the Western Hemisphere", pp. 43-47 and 40-43) During the 1980s, Ottawa had given a renewed commitment to the promotion and protection of human rights which has always been a basic principle of CIDA aid programs. No bilateral aid will be given to countries where violations of human rights are gross, systematic and continuous.

Since 1950, the criteria for Canadian aid recipients have been, to a great extent, a function of domestic political priorities, external and internal pressures. Almost 80 percent of total Canadian official development assistance (ODA) went through the Colombo Plan and was attractive to most

English speaking Canadians. But the increase of French influence within Canada led to increases in aid to Francophone Africa. After ten years, the Francophone aid program increased to a level where, in per capita terms, it was second only to the Caribbean, four times as great as the Asian program and 50 percent more than the Commonwealth African aid program in budgetary allocations.(Armstrong, p. 48) However, in selecting aid recipient countries, the one criteria that should be applied is need if the objective is Third World development and then, other factors being equal, aid should go to countries which are the least developed and most in need of assistance and development. This was and still is not the criterion being used by CIDA officials. Thus, one can conclude that Canada's bilateral aid and its selection process is in Canada's own interests and not in the interests of Third World development.

CANADIAN AID: THE POLITICS OF DECEPTION

Canada's four decade old aid program was launched by its own will and by international pressures with no policy intent beyond Communist threats and a vision of a free Commonwealth in Asia. To this threat and promise and Mao Tse-tung's guerilla success in China, Canada, like most other Commonwealth countries, responded with the creation of the Colombo Plan. Under the Plan, aid was dispatched to the impoverished and inexperienced states throughout Asia. For Canada, the concept of development aid and commercial assistance was an enormous challenge.

However, it became clear that large scale development aid was a more difficult task than was originally thought. Flexible policies had to be

developed to meet the different interests and feelings of overseas aid. As a result, political and economic interests crept into Canada's foreign aid program and subsequently became the two most important motives for overseas assistance. In spite of this, government officials continued to deceive Canadians by justifying aid as a moral obligation from the rich to the poor. Throughout the 1950s and 1960s, most speeches on aid by Canadian leaders and politicians emphasized the humanitarianism of aid while down playing the political and economic motives. The irony in all of this is that politicians are aware of the overwhelming support of charitable aid among Canadians.

According to CIDA officials, the primary purpose of Canadian official development assistance is to help the poorest countries and people in the world. However, all of CIDA's talk of assisting the poorest countries was compromised by Canada's bilateral or tied aid policies of which 80 percent of all purchases were of Canadian procurement. In Africa, as in other underdeveloped areas, political objectives determined the selection of aid receiving countries while commercial objectives within the aid program defined the content of aid shipments and its impact on recipient countries. Prior to 1978, most of Canada's aid, about 70 percent, went towards infrastructure development in Africa in areas such as power generation and transmission, roads and railways, harbour projects and airports and telecommunications networks - all sectors where the effect on development is direct but the pay off is very long and where the trickle down theory operates only at the top among the elites.(Freeman, p. 975)

Despite CIDA's attempts to present a logical rationale for its development assistance program, the real reasons for its aid giving are the political, strategic and commercial goals. The misconceptions of what development aid is all about began with CIDA's aid flaws, as evident in the Tanzania bakery scheme case presented in Chapter 3, the Bangladesh Earth Satellite Station and the Botswana Selebi-Pickwe copper-nickel mines. These cases raised issues more fundamental than the mistakes of individual projects. Canadians are unable to judge for themselves whether or not CIDA's other projects are similarly flawed because the agency does not provide information on its overseas programs.(Carty and Smith, p. 74)

It is quite clear that CIDA's flawed aid projects coupled with Canada's commercial relationships with the underdeveloped countries and her tied aid policies have made Canada, and not the underdeveloped nations, the real aid recipient. For instance, Canada's import restrictions against products from the Third World and the deteriorating terms of trade between the North and the South have decreased the prices of Third World commodities by more than 40 percent between 1960 and 1980. This means that more than \$17 billion in income was transferred from the Third World to the industrialized countries. For a country like Tanzania, it means that the 5 metric tons of tea required to buy a tractor in 1972 increased to 13 tons to buy the same tractor in 1979.(Carty and Smith, p. 167)

Because of these mechanisms, Canada's trade surplus with its aid recipients increased from \$272 million in 1973 to \$655 million in 1975.(Government of Canada, CIDA Annual Review 1975, pp. 150-151) During the decade of the seventies, CIDA's bilateral aid to its top ten aid

recipients was \$2.45 billion while Canada exported \$2.93 billion more in goods, excluding oil, than it imported from these countries during the same period.(See Table 5-1) These statistics forced CIDA's officials to admit to Member of Parliament Douglas Roche in 1976 that "Canada, on balance, was the greater beneficiary in her economic relations with these aid partners."(Carty and Smith, p. 167) In 1977, Canada was the seventh largest foreign investor in the Third World with \$3.2 billion and the fifth most important

TABLE 5-1
Aid and Trade Balance Sheet

Canadian Aid and Trade with Main Recipients of Bilateral Aid
1970 to 1979
(\$ millions)

Aid Recipient	Bilateral Aid Disbursements	Canadian exports to	Merchandise imports from	Trade balance
India	791	1,626	554	+1,072
Pakistan	440	604	65	+ 538
Bangladesh	388	507	47	+ 460
Tanzania	171	133	58	+ 75
Indonesia	151	468	142	+ 326
Tunisia	118	155	1	+ 153
Sri Lanka	116	105	131	- 26
Ghana	115	171	61	+ 110
Nigeria	85	280	581	- 301
(excluding oil)			(60)	(+ 220)
Niger	79	--	--	--
Total	2,454	4,049	1,640	+2,409
(excluding oil)			(1,119)	(+2,930)

-- no data available

Sources: CIDA, *Annual Review*, 1970-1980; Statistics Canada, *Exports by countries and Imports by countries*, 1970-1980.

source of direct investment capital, after the United States, Britain, Germany and Japan.(Carty and Smith, p. 167)

Furthermore, because of its dividends and interest payment policy, the Third World has become the most profitable region for Canadian investments. Of the \$422 million earned by Canadian corporations in 1976, about 47 percent of the amount was disbursed in aid the same year by Canada. Also, the amount remitted to Canada more than doubled the original investment capital sent to the underdeveloped countries. One estimate reveals that between 1970 and 1976, Canadian corporations earned \$1,304 million in remitted dividends and interest payments on their foreign investments compared to the \$666 million invested overseas during the same period.(Langdon, pp.16-40) In addition, statistics from the World Bank in 1979 showed that Canadian banks are major beneficiaries of the Third World's current indebtedness averaging well over \$1 billion a year.(Carty and Smith, pp. 168-169) Thus, when Canadian overseas disbursements are added to Canada's net returns from trade and direct investment transactions with aid recipients, Canada benefits significantly from the balance of payments.

Finally, according to UNCTAD, Canada is one of the primary recipients of human capital (brain drain) from the Third World. Between 1963 and 1972, Canada admitted 56,000 skilled workers and educated professionals from the Third World to meet its domestic needs. UNCTAD's calculation shows that the imputed capital value gained from these skilled personnel was \$11.5 billion, while Canadian aid during the same period was \$2.3 billion. Again, the benefit accrued to Canada from the Third World brain drain was an

overwhelming \$9.2 billion when weighed against aid.(United Nations, UNCTAD, "The Reverse Transfer of Technology". (D/B/C 6/7), 1975)

Overall, commercial and human transfers from the Third World to Canada far exceeded the benefits of Canadian aid to the Third World. The nations of the Third World are supporting some sectors of the Canadian economy and some private Canadian corporations more than CIDA is supporting them. There are many factors limiting Third World development but, among the most important ones, are the policies governing international trade, bilateral aid, financing, investment and the transfer of technology.

More importantly, if the only justifiable purpose for aid giving is to assist the Third World in their struggles toward integral development and eradicating poverty, then as a minimum, Canada's bilateral aid must be untied and aid should be given to countries that needed it the most. The number of countries should be reduced and CIDA must abandon the idea of trying to meet development and commercial objectives at the same time. More specifically, CIDA must end the hypocrisy of using surplus food for export promotion.(Carty and Smith, pp. 175-177) Despite Ottawa's talk that aid would not go to countries that violated human rights, yet Canadian assistance are scattered among 90 countries for political and commercial reasons, maintaining elites from Bangladesh to Kenya and supporting dictators and human rights violators from Indonesia to Guatemala.

One of the major problems with CIDA's official development assistance program is that its benefits to Canadians are not explained to the general public. Instead, government officials have consistently and conveniently

emphasized the benefits of CIDA's assistance to the Third World in order to deceive Canadians about the real motives of CIDA's aid policy.

CANADA'S SELFISH AID PROGRAM: A POLICY REVIEW

For more than forty years, the industrialized countries have used foreign aid in an effort to influence recipients' foreign policy views toward the objectives of the western alliance. Employed as both a carrot and a stick, foreign aid programs have, to some extent, succeeded in helping to protect northern capitalist interests by promoting western values and cultures in the underdeveloped world. It has also helped to establish new friendships, create new markets and investment opportunities for the western capitalist powers in the Third World.

In essence, foreign aid has benefited the developed countries more than the underdeveloped countries, primarily because of the monetary and trade policies that were imposed on the underdeveloped nations by the developed capitalist countries. In order to correct such imbalances, the leaders of the Third World, during the 1970s, demanded a comprehensive restructuring of the monetary, trade and investment policies that were established at the Bretton Woods Conference in New Hampshire in 1944. The global economic problems of the early seventies confirmed for the developing countries that the existing Bretton Woods agreement were no longer working in their interests. Most of the Third World leaders were already convinced that world poverty was the result of a complex and unfair economic system rather than the simple explanation of backwardness.

For years, Third World development was considered secondary to international politics such as the Cold War between East and West. Frustrated and angry with the international policies of the G7 countries, the leaders of the Third World have argued that the war should be fought over food, shelter and development in the developing countries instead of between democracy and Communism. In many underdeveloped countries, the concept of trickle down development was rejected by liberation movements. Pushed from below, the leaders of the underdeveloped countries were left with little or no choice other than to confront their counterparts in the developed world. They believed that the world market system which has continuously operated to increase the power and wealth of the rich and to maintain the relative deprivation of the poor is deeply rooted in a lopsided economic relationship that must undergo profound reversals and transformations. As a consequence, the leaders of the developing countries, during the 1970s, submitted a set of proposals for reform known as the New International Economic Order (NIEO) to the United Nations.

The demands by the leaders of the developing countries could no longer safely be ignored by the rich because one of the key issues in the world today is the alleviation of human poverty, the maintenance of international economic stability and a degree of international order. However, foreign aid experts have argued that international assistance is not the solution to Third World poverty. Nevertheless, the presumption exists that genuine untied aid, specifically directed towards the reduction of poverty rather than at commercial or political objectives, is bound to have some positive effect in the Third World. (Helleiner, p. 18)

In Canada, there is widespread support for CIDA's overseas effort to reduce Third World poverty and hunger. Many political analysts have concluded that the reduction of overseas poverty is in the global as well as Canada's interests as it is likely to help reduce population growth rates, environmental degradation and political instability. (Helleiner, p. 18) In recent decades, there has been an abiding myth among Canadians, particularly in the English speaking provinces, that Canada is more loved in the Third World than most other developed capitalist countries. In part, the reasons for such belief are attributed to Canada's neutral and non-imperialistic reputation as well as her non-colonial past. Furthermore, Canada's limited power in the current international political arena coupled with limited involvement on the part of Canadian investors in most parts of the underdeveloped world strengthen the self perception.

The facts are, however, that Canadian policy on economic relations with the underdeveloped countries has failed to meet its objectives in the Third World. Despite being a middle power and with no imperialist ambitions, Canada's image was recognized by many in the underdeveloped countries as identical to the capitalist powers of the west. Canada's history and associations with the major industrialized powers of the west, particularly the United States and Britain, were seen as culpable in the Third World's political and economic struggles.

With the exception of a small number of corporate executives, there is little public support for the current indefensible Canadian tied aid practices. Many Third World leaders are aware of the fact that Canada's tied aid policy reduces the direct value of aid to their countries, increases administrative

costs and slows disbursements. Canada's record is the worst among OECD countries with 80 percent of its bilateral aid and 65 percent of its total aid tied to Canadian procurement.(Helleiner, pp. 18-19) (See Appendix E for a country to country breakdown of CIDA's bilateral aid in 1989-90.) Worse still, how can Canadian materials and personnel be used effectively to improve agricultural production or build appropriate rural dispensaries in the Third World? - a tropical and unfamiliar area to most Canadians.

The overall objective of aid is to help the Third World alleviate poverty and hunger and promote development. Canada's selfish and tied aid programs fall short of reducing poverty and promoting development in the Third World. In fact, foreign aid has created economic dependency and political subservience which are aspects of underdevelopment and neo-colonialism. Without question, the government policies in the Third World are basically the expression of its domestic political and economic realities, not of sentimental feelings toward the recipient governments.

Few will disagree that CIDA's tied aid policies are designed to improve the Canadian economy and not to promote development in the underdeveloped countries. The Economic Council of Canada in 1978 admitted that, after more than three decades, Canadian aid has made no measurable contribution to economic growth in underdeveloped countries, that it is inappropriate and inefficiently allocated and has failed to reduce income disparities within or between nations.(Government of Canada, For a Common Future, pp. 83-87)

As a component of foreign policy, the objectives of Canadian aid were to reduce the proliferation of nuclear weapons in the underdeveloped world, promote national unity in Canada, reduce physical threats to Canadian peace and security as well as to maintain the multilateral system for solving international problems. Aid was also used to reduce instability and stop the spread of Communism in the underdeveloped world and to prevent the Third World countries from supporting the former USSR in the Cold War.(Wyse, p. 16) Above all, Ottawa felt that aid could improve Canada's image abroad and convince Third World governments into adopting favourable policies toward Canada in particular and the Western capitalist powers in general.

As it turned out, Canadian aid fell short of its stated objectives. It did not improve Canada's image or convince the leaders of the Third World. However, as a distinct Canadian political objective, aid has helped the federal government to block Quebec's attempts to pursue direct bilateral relations with some Francophone states. It has also given Canada a say in NIEO debates, regional organizations and North-South issues.

Apart from these political achievements, there is no evidence that CIDA's aid programs have won political influence for Canada. Canada's flawed aid policies not only dictated the spending priorities of recipients but it also scattered Canadian aid to almost 90 underdeveloped countries, thus reducing its development impact in the underdeveloped world. Consequently, aid went to countries that were neither the most needy nor the most capable of using it effectively for development purposes. Despite Canada's efforts to use aid to reduce nuclear proliferation in the Third World, evidence has shown that some underdeveloped countries, over the years, have pursued their own political

agendas even under the threat of aid cutoffs. For example, Canada's long standing aid programs and public disapproval have failed to convince the leaders of India to stop the testing of nuclear devices. India's use of Canadian technology in 1974 to explode nuclear devices coupled with her refusal to sign the nuclear Non-Proliferation Treaty and her acceptance of aid from the former USSR embarrassed the Canadian government and showed total disregard and contempt for Canadian and other western aid.

In multilateral institutions, Canada gave up its political influence and foreign policy aspirations to the larger donor countries led by the United States that dominate the politics of these institutions. The vast majority of cases showed that Canada cooperated with the policies formulated by the United States and other powerful member states without even considering the possibility of developing and promoting distinctive Canadian foreign policy goals. Similarly, Canada's bilateral aid programs are small in size compared to the contributions of other donors in most of the countries where CIDA's aid is dispersed. Although CIDA is the largest aid donor in the Caribbean, nonetheless, the suspicion exists that Canada is an imperialist power. Finally, nowhere is Canadian aid recognized as a significant source of revenue for recipient governments. (See Table 5-1)

It is important to point out that both Canada and Third World governments were interested in preserving the multilateral system of problem solving but the Third World interest goes far beyond the role of the system in providing aid. The multilateral system provided a platform for the leaders of the Third World to present their cases to the rest of the world and to pressure the developed nations for reforms. The multilateral forums also gave Third World leaders and officials

the opportunity to sit side by side with their former colonial masters and more so with superpower leaders in an effort to find solutions to the problems that affected both the developed and underdeveloped worlds.(Wyse, p. 21) Clearly, it was not Canadian or other donors' aid that led to the protection of the multilateral problem solving system. In fact, since gaining their independence, the leaders of the Third World recognized the importance of the multilateral institutions to their cause.

With some exceptions, Canadian food aid is the most questionable type of aid. It was and still is an inefficient way to meet the food needs of Third World countries. It reduces food prices, decreases farm incomes in recipient countries, thereby denying farmers the necessary capital to finance agriculture projects which could in the future increase production. In other words, food aid is a hindrance to Third World agriculture development because it bankrupts the small farmer by undercutting his market. However, it is most needed in times of natural and man made disasters as evident in Somalia today.

Put simply, food aid or any other type of Canadian aid were inadequate and did not meet the expectations of most of the governments of the Third World which had only recently emerged from the evils of colonialism. For recipient governments, the costs of accepting aid as a compromise for government policies were high. Their leaders would have been discredited and considered as puppets to foreign powers and their hold on power weakened. Furthermore, the struggle for independence legitimized self rule for the proud and nationalistic leaders of the Third World. For many of them, the need for aid was a humiliation and a sign of national weakness and they were not about to

give up their new-found independence for another form of imperialist subjugation.

The Canadian government, however, knew that attempts to use aid for leverage were both insulting and risky in that it could have alienated recipient governments. More importantly, the leaders of the Third World knew that Canada and other western donors feared that a termination of aid would easily alienate the Third World from the West. For example, during the Cold War, the West led by Washington used aid to convince some Third World governments into siding with the United States against the former USSR. These governments refused but opted to remain neutral, yet they continue to receive aid because a cancellation of western aid would have made them become allies of the Soviet Union.

However, the economic relationships between Canada and the Third World limited development in the underdeveloped countries because of Canada's trade and tied aid policies. Most Third World leaders felt that Canada could have done more to correct the inequities between the North and South by changing its trade, investment and financing policies as well as its technology transfer patterns. In addition, Canada's apathetic and hostile response to the Third World NIEO proposals frustrated their leaders. For the past decade, Ottawa continued to set trade, monetary, investment and other policies with virtually no regard for their effect on the developing countries.

The way Canadian aid was dispersed to recipient governments worsened the situation. The Canadian government insisted that Canadian officials must participate in the identification, design, implementation, monitoring and

evaluation of Canadian aid projects. Recipients were not allowed to determine by themselves how aid resources were to be used. Further, the Canadian government made similar requests to the multilateral institutions that administered its aid resources. The underlying assumption was that the leaders of the Third World were incapable of managing their own affairs efficiently, therefore technical, administrative and financial supervision were needed.

Moreover, CIDA officials knew that most of the leaders in the Third World regarded aid as a form of compensatory transfer payment from the rich to the poor to correct the evils of colonialism and the inequities of the international economic system that continue to rape and pauperize their nations. In the end, Third World development was sacrificed for Canadian jobs, exports and farm incomes. The meager size of the Canadian aid program, the scattering of her aid to almost 90 countries and her suspicious imperialistic image by many leaders and natives of the underdeveloped countries have, to a large extent, limited Canada's ability and capacity to improve the lives of the poor peoples of the Third World. Above all, the self interest motives, the interventionist and tied aid policies of Canadian aid have, to some degree, benefited Canada more than the recipients.

For all the reasons put forth in this thesis, one should not hesitate to conclude that, by and large, Canada's foreign aid programs, in spite of the fact that it generated some element of stability and perhaps assisted the encouragement of democratic institutions in some developing countries, have not reduced poverty, starvation and disease in the Third World. Further, it has not enhanced the development of its recipients.

CONCLUSION

In its broadest sense, development is that great historical process by which societies have evolved from the primitive tribal states of prehistory to the complex, mature, industrial societies of today. This recent change has left many peoples and countries behind in the historical race to modernization. Almost as late as two generations ago, most of the less developed countries were under some form of European colonialism. World War II radically changed this situation.

There can be no dispute that the most profound and lasting result of the war was the fact that it increased the explosive power of nationalism and stripped the colonial lords of their power. The war also provided economic benefits for both the United States and Canada, established trade agreements, financial and political institutions that still today benefit the developed countries and limit development in the underdeveloped nations.

Moreover, the post-war impact of the new nationalism had some major consequences. First, it divided the world between the East and West which subsequently gave rise to the Cold War. Second, it created a host of new nation states in Asia, Africa, the Caribbean and the Middle East which are characterized as the Third World, primarily because of their poverty and agricultural based economy. The post-war phenomenon also created a revolution of rising expectations that eventually led to a series of problems, anger and frustration in the Third World. The Third World countries were singled out by their poverty and political instability while the Northern countries were recognized for their wealth and stable democratic institutions.

Early in the post-war period, the threat of communist expansion was by far the most important reason for the West to help the poor and underdeveloped countries adapt to their new freedom. The West was determined to convince the newly independent states that its democratic system of values and techniques were better than those of the Communist system. Thus, it became obvious that the long-term survival of the West democratic system was dependent in large measure upon its acceptance to the great majority of the people in the Third World in general and their leaders in particular. These then were the main reasons from the Western point of view for large scale development assistance to the newly independent countries of Asia, Africa and the Caribbean and, subsequently, Latin America.

Still later, in the post-war period, great emphasis was placed on humanitarian aid to help reduce Third World poverty, starvation, disease and illiteracy. Contrary to the reasons given for aid by Canadian leaders, the real objectives for Ottawa's aid policies during the 1950s were to make the Western values and techniques the most attractive to the new nation states. Aid in this context, however, was not given to help in the long term development of the underdeveloped countries, but rather to impose western culture and values on the Third World, thus promoting Canada and the West self interest motives.

This compartmentalization of Canada's foreign aid program has, since 1950, distorted the concept of its aid policies. As a result, Canadian development assistance is regarded by many as a universal cure for world tensions, the maintenance of peace and stability as well as to prevent the spread of Communism. As a simple and useful remedy, its effectiveness was

measured by increases in the amount of aid given and the selection criteria of recipients.

With the aftermath of the Second World War, Canadian aid adopted the Christian idealism with its charitable donations to Europe and Asia. By the late 1940s, aid was used as a weapon in the Cold War. The combined motives of fear and hope resulted in Canada's aid to outgrow its initial status as a mere instrument of policy. Aid quickly became a self justifying cause as political and economic interests became the dominant factors for aid giving.

It was difficult for Canada's small amount of aid coupled with its tied and interventionist aid policies to have any significant impact on development in the Third World. For many Third World leaders, it was not only inopportune but also immoral for Canada to provide aid as a unique cure for world tensions. Furthermore, Canada's economic and political affiliations with the G7 countries, particularly the United States, has made her a suspect of having imperialist attitudes. For instance, the idea of Canada giving recipients millions in aid while depriving them of billions in potential export is self defeating. For years, economists have argued that there is no logic in giving aid to build modern factories, farms and mines in the Third World if there is no access to Canadian and other donors' markets. They contend that economic growth in the developing countries can be achieved only through freer access to Canada and other wealthy nations' markets. However, Canada, like most other donors, has refused to open its markets to the goods of the developing countries. The reason is well known, tied aid is designed to boost Canada's economy and create jobs for Canadians.

The thesis examines a number of policy issues on Canada's bilateral, multilateral, food and financial aid, aid for influence, and the selection criteria for recipients. On each issue it was discovered that the bulk of Canadian aid went towards infrastructure projects in the developing countries that yielded direct and immediate benefits to Canada. In many cases, country selection policies and practices prevented Canadian aid to reach the masses that needed aid the most despite the government's claim that aid is to help the poorest people in the poorest countries.

Finally, Canada's aid policies undermined the responsibility of recipient governments to their populations because of its interventionist nature. They were inappropriate to strike a balance between Canada's interest in Third World development and Canada's commercial and political interests. Moreover, its tied aid policies were, at best, questionable and, at worst, they were wrong but they were not developed by chance. Rather, they were designed to serve Canada's selfish interests at home and abroad.

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APPENDIX A

Humanitarian Assistance (CIDA Funds \$ thousand)

		1987-88	1988-89	1989-90
Country	Purpose			
Afghanistan	Start up Costs		1,000	
	Conflict		1,500	509
	Returnees		1,000	1,500
Algeria	Earthquake			75
Angola	Conflict			500
	Disaster Preparedness	25	25	100
	Drought			150
	Refugees	100		
	Emergency Assistance	500		750
	Displaced Persons		2,000	
	Epidemic		5	
Bangladesh	Floods	665	2,372	
	Disaster Preparedness	150	150	
Benin	Floods		20	
Brazil	Floods	25	31	50
Burundi	Returnees		125	
	Torrential Rains		25	
Chad	Drought	150		
	Floods		160	
Chile	Floods	18		
China	Fire	50		
	Floods			50
	Earthquake		100	
Colombia	Disaster Preparedness		240	200
Costa Rica	Disaster Preparedness	139		
	Hurricane		25	
Côte d'Ivoire	Liberian refugees			250
	Refugees			60
Djibouti	Floods			35
Dominican Republic	Water Sanitation	30		
	Hurricane		50	
Ecuador	Earthquake	29		
El Salvador	Conflict			285
	Vaccinations			63
	Returnees	100		
	Emergency Assistance	400		315

Sources: CIDA, Annual Reports, 1989-90. Supply and Services Ottawa, 1991

APPENDIX A (Continued)

Humanitarian Assistance (CIDA Funds)
(\$ thousand)

		1987-88	1988-89	1989-90
Country	Purpose			
Ethiopia	Returnees	750		
	Drought Relief	923	1,250	250
	Refugees		1,000	500
	Water Trucks for Refugees			1,000
	Returnees from Somalia		2,000	
	Famine	6,502		420
	Emergency Relief			932
	Displaced Persons		450	
	Meningitis Epidemic		201	
	Transport	634	1,000	
	Airlift	430	605	
	Food Distribution	1,142	316	
	Cross Border Relief			1,000
	Monitoring Cross Border			250
	Logistic Support	81		
Guatemala	Displaced Persons	200	355	
	Measles Epidemic			35
Guinea	Liberian Refugees			250
Haiti	Disaster Preparedness	235		
	Hurricane		50	
	Transport		70	
	Riots	7		
	Rains	70		
Honduras	Salvadoran Refugees	200		
	Hurricane		30	
India	Floods	110		
Indonesia	Conflict	30	30	
Iran/Iraq	Conflict	800	800	
Jamaica	Hurricane		2,131	
Kampuchea	Delegates			75
Lebanon	Conflict	4,466	2,484	1,345
Malawi	Refugees	279	1,420	1,800
	Displaced Persons			195
	Mealy Bug		65	
	Floods			150
	Transportation	300		
Malaysia	Floods		25	
Maldives	Cholera	10		
Mali	Yellow Fever	200		
	Floods			60
Mauritania	Drought		50	
	Displaced Persons			85

APPENDIX A (Continued)

Humanitarian Assistance (CIDA Funds)
(\$ thousand)

		1987-88	1988-89	1989-90
Country	Purpose			
Mexico	Hurricane		240	
Mozambique	Drought	450		
	Relief and Rehabilitation			200
	Conflict			100
	Emergency Assistance	500	500	2,000
	Returnees		500	
	Logistic Support	775	250	663
	Displaced Persons	2,447	2,400	1,695
	Coordinator	70		
Namibia	Returnees		1,067	1,350
Nepal	Floods	60		
	Earthquake		200	
Nicaragua	Emergency Assistance	400		
	Hurricane		1,083	
Niger	Drought		10	
Nigeria	Cholera	150		
	Floods		10	
Pakistan	Afghan Refugees	5,625	5,125	1,250
	Conflict		500	500
	Delegates			150
	Floods		125	
Panama	Emergency Assistance		50	
Papua New Guinea	Displaced Persons	25		
Paraguay	Disaster Preparedness	65		
Philippines	Typhoon	100	150	
	Conflict	450	500	
Rwanda	Rains		35	
	Refugees		650	
Senegal	Floods		10	
	Displaced Persons			50
	Refugees			50
Somalia	Displaced Persons			150
	Interim Emergency Program			250
	Program 1990			300
South Africa	Mozambique Refugees		45	
Sri Lanka	Conflict	160		150
	Floods		15	15
	Disaster Preparedness		69	
	Returnees		700	

APPENDIX A (Continued)

Humanitarian Assistance (CIDA Funds)
(\$ thousand)

		1987-88	1988-89	1989-90
Country	Purpose			
Sudan	Refugees			1,500
	Drought		100	
	Operation Lifeline			500
	Airlift		750	400
	Conflict		2,050	1,500
	Floods		1,290	
	Epidemic		80	
	Logistic Support		303	200
	Displaced Persons	210	1,841	500
	Immunization Program	197		
	Palestinian Refugees	200		
Syria	Water Supply		154	
	Mozambique Refugees	50	28	60
Tanzania	Drought		200	
	Anti-Piracy Program	75	75	75
Thailand	Conflict		700	300
	Floods		25	
	Refugees	2,200	1,800	1,500
Thailand/ Kampuchea	Refugees	700		
Tunisia	Floods			65
Turkey	Kurdish Refugees			400
Uganda	Displaced Persons	40	517	
	Refugees			100
	Meningitis Vaccinations			40
	Repatriates/Returnees		550	
Zambia	Refugees		35	150
Zimbabwe	Drought	100		
	Displaced Persons			165
	Mozambique Refugees	171	321	
Sub-total: Allocation by Country		34,968	48,213	29,567

APPENDIX A (Continued)

Humanitarian Assistance (CIDA Funds)
(\$ thousand)

		1987-88	1988-89	1989-90
Country	Purpose			
Not Allocable by Country				
Africa	Conflict/Drought	2,000	1,300	2,700
	Refugee Program	375	335	732
	Women Refugees			300
Southern Africa	Mozambique Refugees	2,000		
Sahel	Disaster Preparedness			30
	Floods		50	
Caribbean & Latin America	Emergency Preparedness	1,040	1,585	1,500
Caribbean	Pan-Caribbean Disaster Preparedness Project		273	240
	Hurricane Hugo			352
Central America	Refugees	3,500	2,600	2,600
	Conflict	1,200	200	300
	Displaced Persons		200	400
Middle East	Palestinian Refugees	700	815	600
	Hospitals and Medical Supplies	500	100	137
	Conflict		100	
	Commodities	500		
Asian Regional	Refugees		75	
	Indochina Refugees			1,500
Multinational	Disaster Preparedness	307		206
	Emergency Relief			54
	Seconded Specialists Training	440	452	1,265
	Monitoring Evaluation Consultants		135	77
Sub-total: Not Allocable by Country		12,562	8,219	12,993
Total Humanitarian Assistance		47,530	56,432	42,559

Source: CIDA, Annual Report 1989-1990, Supply and Services, Ottawa, 1991.

APPENDIX B

Food Aid Recipients (CIDA Funds) (\$ million)

Country-to-Country Food Aid	1987-1988		1988-1989		1989-1990	
	Government to government	NGO	Government to government	NGO	Government to government	NGO
Anglophone Africa						
Angola	2.83	0.01	5.95	0.01	6.94	0.10
Botswana	0.03		0.03	0.07		
Egypt	20.00	0.03		0.05		0.07
Ethiopia	19.50	0.55	23.32	0.71	18.70	0.29
Ghana	8.01	0.05	7.08	0.02	6.86	0.04
Kenya		0.11	0.07			0.04
Lesotho				0.01		
Liberia		0.01		0.09		0.04
Malawi			3.00	0.03		0.04
Mozambique	14.85	0.34	20.58	0.13	21.40	0.65
Nigeria						x
Sierra Leone						0.04
Sudan	9.06	0.33	8.97	0.63	5.84	0.38
Swaziland				0.07		
Tanzania	x	0.38		0.28		0.08
Uganda		0.05		0.10		0.15
Zambia	10.61	0.47	4.16	0.43	5.95	0.13
Zimbabwe		0.02		0.03		0.04
Sub-total:						
Anglophone Africa	84.88	2.35	73.08	2.73	65.69	2.08
Francophone Africa						
Burkina Faso	x					
Burundi						0.10
Cameroon				x		
Chad				x		
Congo		0.02		0.03		0.04
Guinea			1.99	x		
Madagascar		0.02		0.12		0.03
Mali	1.43	0.02	1.82	0.15	3.67	0.63
Mauritania	1.89	0.22	0.02	x	0.06	
Morocco	4.87		5.00	x	3.00	
Niger			2.92	x		
Rwanda	0.97		1.00	0.16	4.02	x
Senegal	4.88		2.31	0.01	4.23	0.04
Togo						0.01
Tunisia	4.94		7.98	x	4.15	
Zaire	5.94	0.02	6.00	0.08	5.00	0.04
Sub-total:						
Francophone Africa	24.92	0.29	29.04	0.56	24.13	0.89
Americas						
Antigua				0.03		0.02
Argentina		0.05		0.03		0.11
Barbados		0.02				
Belize		0.02				

APPENDIX B (Continued)

**Food Aid Recipients
(CIDA Funds) (\$ million)**

Country-to-Country Food Aid	1987-1988		1988-1989		1989-1990	
	Government to government	NGO	Government to government	NGO	Government to government	NGO
Americas (cont'd.)						
Bolivia	0.50		2.96	0.02	3.00	
Brazil		0.11		0.11		0.03
Chile		0.04		0.08		0.04
Colombia		0.01				
Costa Rica		0.02				
Dominican Republic		0.38		0.37		0.47
Ecuador		0.02		0.03		
El Salvador		0.02		0.01		0.02
Guatemala		0.13		0.21		0.21
Guyana		0.04	0.03	0.02		0.07
Haiti	0.07	0.47		0.66	0.01	0.85
Honduras		0.25		0.29		0.43
Jamaica	14.99	0.04	17.72	0.18	14.02	0.07
Mexico				0.09		
Nicaragua	0.97	0.17		0.47		0.26
Panama				0.03		0.03
Paraguay				0.04		0.01
Peru	5.18	0.07	4.98	0.23	3.94	0.21
St. Lucia		0.02		0.03		0.04
Suriname		0.02				
Uruguay		0.02		0.03		
Venezuela						0.01
Sub-total: Americas	21.72	1.90	25.69	2.93	20.97	2.86
Asia						
Bangladesh	67.53	0.03	54.15	0.87	47.22	0.05
India	14.01	0.09	10.99	0.10	0.03	0.11
Indonesia				0.03		
Israel		0.06				
Jordan					1.87	
Laos						0.05
Lebanon		0.10		0.09		0.26
Myanmar (Burma)				0.10		
Pakistan	13.84		19.50	x	13.91	0.02
Philippines		0.06		0.09		0.13
Sri Lanka	9.97		2.00	x		0.06
Sub-total: Asia	105.35	0.34	86.64	1.28	63.03	0.67
Oceania						
Fiji		0.04		0.03		
Papua New Guinea				0.03		0.04
Sub-total: Oceania		0.04		0.05		0.04

APPENDIX B (Continued)

Food Aid Recipients (CIDA Funds) (\$ million)

	1987-1988		1988-1989		1989-1990	
	Government to		Government to		Government to	
Country-to-Country Food Aid	government	NGO	government	NGO	government	NGO
Other Food Aid Programs						
Non-Governmental Organizations (not allocable by country)		5.18				0.96
Canadian Foodgrains Bank		16.00		16.00		16.00
Other (Special Administ)	0.94		4.71	0.40	0.76	
Sub-total:						
Other Food Aid Programs	0.94	21.18	4.71	16.40	0.76	16.96
Total: Country-to-Country Food Aid	237.80	26.10	219.16	23.95	174.58	23.49
Multilateral Food Aid Shipments						
World Food Program (including International Emergency Food Reserve)						
Anglophone Africa						
Angola	1.54		0.65		1.96	
Botswana	0.94		1.39		0.46	
Djibouti	0.08					
Egypt	3.03		1.69		1.83	
Ethiopia	9.94		10.15		22.10	
Ghana	0.96		2.35			
Lesotho	0.05		0.06		0.71	
Liberia					0.10	
Malawi	8.03		3.00		1.97	
Mauritius			0.31		0.23	
Mozambique	3.04		3.89			
Namibia					0.89	
Seychelles					0.02	
Somalia	1.19		3.10		2.59	
Sudan	6.58		4.85		8.14	
Swaziland	0.08		0.37			
Tanzania			5.11			
Uganda					0.73	
Zambia			0.03			
Sub-total: Anglo Africa	35.46		36.95		41.73	
Francophone Africa						
Algeria	0.08		3.05		1.54	
Benin			0.61			
Burkina Faso					0.19	
Burundi	0.24				0.40	
Cape Verde	0.26				0.70	
Central African Republic			0.15			
Chad	0.32		0.65		1.14	
Gambia	0.08				0.15	

APPENDIX B (Continued)

**Food Aid Recipients
(CIDA Funds) (\$ million)**

Country-to-Country Food Aid	1987-1988		1988-1989		1989-1990	
	Government to government	NGO	Government to government	NGO	Government to government	NGO
Francophone Africa						
Guinea	0.07		0.08		0.09	
Guinea-Bissau			0.06			
Mauritania	0.02				1.50	
Morocco			5.65		10.55	
Sao Tome and Principe	0.19		0.25		0.23	
Senegal	0.57				1.11	
Togo	0.04		0.16		0.12	
Tunisia	0.54		1.97		0.46	
Sub-total: Franco Africa	2.41		12.63		18.18	
Americas						
Antigua	x					
Bolivia	1.69		2.42		2.44	
Brazil	3.46		1.96		4.88	
Colombia	0.50		3.43		2.50	
Costa Rica	0.46		0.40		0.12	
Cuba	3.22		0.07		4.90	
Dominica					2.32	
Dominican Republic	0.11		0.16		0.16	
Ecuador	0.43		1.18		1.20	
El Salvador	0.64				3.50	
Grenada			0.53		1.13	
Guatemala	3.49		1.67		5.19	
Guyana					0.03	
Haiti	0.38		0.52		0.43	
Honduras	1.22		6.50		0.20	
Jamaica	0.02		3.38		0.06	
Mexico	0.43		0.90			
Nicaragua	0.70		4.48		3.82	
Panama	0.01		0.27		0.09	
Paraguay	0.59		0.58		0.54	
Peru			0.32		1.47	
St. Kitts	0.07		0.58			
St. Lucia	0.25		2.29			
St. Vincent	0.13		1.89			
Sub-total: Americas	17.79		33.53		34.98	
Asia						
Bangladesh	11.00		10.40		16.35	
Bhutan	0.07		0.05			
China	55.22		42.02		5.66	
India	5.65		2.89		2.65	
Indonesia					1.98	
Iran	1.35				3.13	

APPENDIX B (Continued)

Food Aid Recipients
(CIDA Funds) (\$ million)

Country-to-Country Food Aid	1987-1988		1988-1989		1989-1990	
	Government to government	NGO	Government to government	NGO	Government to government	NGO
Asia						
Jordan	1.38		3.18		1.63	
Lebanon			1.77		1.05	
Nepal			0.73			
Pakistan	3.12		2.12		4.50	
Philippines					1.83	
Sri Lanka	0.18		3.18		0.04	
Syria	2.18				3.69	
Thailand	1.98		2.02		1.89	
Yemen Arab Republic	2.41		2.42		1.72	
Yemen, People's Democratic Republic of	3.32		3.56		2.44	
Sub-total: Asia	87.84		74.34		48.56	
Other Assistance	25.68		29.24		26.05	
Sub-total:						
World Food Program	169.18		186.69		169.50	
Other (Special Administration)	3.59		1.70		4.07	
Total: Multilateral Food Aid Shipments	172.77		188.39		173.57	
Summary						
Government-to-Government	237.80		219.16		174.58	
NGO	26.10		23.95		23.49	
Sub-total:						
Country-to-Country	263.90		243.11		198.07	
Multilateral	172.77		188.39		173.57	
Total Food Aid	436.67		431.50		371.64	

Source: CIDA, Annual Reports 1989-90, Supply and Services Canada, Ottawa, 1991.

APPENDIX C
Canadian Experts on Assignment Abroad during Calendar Year 1989 by Sector (as of July 23, 1990)

	Long-Term Experts			Short-Term Experts			Total Experts		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Agriculture	55	249	304	69	453	522	124	702	826
Economic and Financial support	3	9	12	4	22	26	7	31	38
Education	197	275	472	361	739	1,100	558	1,014	1,572
Energy	1	90	91	3	256	259	4	346	350
Environment	16	31	47	18	37	55	34	68	102
Fisheries	4	18	32	3	50	53	7	68	75
Food Aid	0	0	0	0	1	1	0	1	1
Forestry	8	76	84	24	145	169	32	221	253
Geographic Surveys	0	6	6	2	29	31	2	35	37
Health and Nutrition	126	50	176	167	164	331	293	214	507
Human Resource Development	42	26	68	49	86	135	91	112	203
Industry	10	35	45	28	343	371	38	378	416
Institutional Support									
and Management	46	150	196	124	333	457	170	483	653
Material Management	1	1	2	0	3	3	1	4	5
Mining and Metallurgy	0	17	17	2	129	131	2	146	148
Population and Human									
Settlements	32	31	63	25	51	76	57	82	139
Communications	8	42	50	16	108	124	24	150	174
Transportation	1	52	53	6	145	151	7	197	204
Water and Sanitation	8	84	92	13	122	135	21	206	227
Women in Development	24	4	28	32	3	35	56	7	63
Other	0	3	3	0	3	3	0	6	6
Multi-Sector	14	42	56	19	55	74	33	97	130
Not Specified	0	0	0	2	2	4	2	2	4
Total	596	1,291	1,887	965	3,277	4,242	1,561	4,568	6,129

Sources: CIDA, Annual Reports, 1989-90. Supply and Services Ottawa, 1991

APPENDIX C (Continued)

**Canadian Experts on Assignment Abroad during Calendar Year 1989 by Region of Assignment
(as of August 29, 1990)**

Region of Assignment	Long-Term Experts			Short-Term Experts			Total Experts		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Anglophone Africa	162	361	523	175	456	631	337	817	1,154
Francophone Africa	178	422	600	234	766	1,000	412	1,188	1,600
Americas	149	216	365	321	944	1,265	470	1,160	1,630
Asia	107	289	396	232	1,097	1,329	339	1,386	1,725
Multi-region	0	3	3	3	14	17	3	17	20
Total	596	1,291	1,887	965	3,277	4,242	1,561	4,568	6,129

Sources: CIDA, Annual Reports, 1989-90. Supply and Services Ottawa, 1991.

APPENDIX D

Students and Trainees Supported by CIDA during Calendar Year 1989 by Field of Study (as of July 23, 1990)

Accounting and Auditing	13	20	33	122	0	321	135	113	248
Agriculture (including animal husbandry)	96	342	438	127	403	530	223	745	968
Architecture	5	11	16	0	0	0	5	11	16
Arts and Humanities	24	27	51	13	41	54	37	68	105
Communications	10	25	35	37	192	229	47	217	264
Computer Sciences	40	111	151	305	726	1,031	345	837	1,182
Customs and Excise	0	0	0	2	23	25	2	23	25
Economics	33	11	144	3	32	35	36	143	179
Education	58	106	164	216	275	491	274	381	655
Energy	0	13	13	21	287	308	21	300	321
Engineering and Technology	58	744	802	47	490	537	105	1,234	1,339
Environment	12	45	57	61	78	139	73	23	196
Finance and Credit	10	37	47	9	48	57	19	85	104
Fisheries	5	18	23	15	57	72	20	75	95
Forestry	13	106	119	3	40	43	16	146	162
Geography	7	19	26	4	18	22	11	37	48
Geology, Mining and Metallurgy	9	73	82	5	55	60	14	128	142
Health and Nutrition	83	73	156	119	133	252	202	206	408
Human Settlement and Urban Development	23	39	62	55	169	224	8	208	286
International Trade	2	5	7	8	66	74	10	71	81
Languages and Linguistics	24	15	39	44	189	33	68	204	272
Law	6	17	23	25	66	91	31	83	114
Management and Administration	175	338	513	628	1,016	1,644	803	1,354	2,157
Mathematics and Statistics	7	50	57	4	7	11	11	57	68

Sources: CIDA, Annual Reports, 1989-90. Supply and Services Ottawa, 1991.

APPENDIX D (Continued)

**Students and Trainees Supported by CIDA during Calendar Year 1989 by Field of Study
(as of July 23, 1990)**

	Students		Trainees		Total	
	Women	Men	Total	Women	Men	Total
Natural Science	55	207	15	14	29	70
Secretarial and Clerical	17	0	125	7	132	142
Surveying	1	36	3	25	28	4
Tourist, Hotel Management and Catering	23	12	35	197	143	220
Transportation	1	8	9	10	97	11
Not Known	7	3	10	18	22	25
Other	22	51	73	187	93	209
Total	881	2,651	3,532	2,507	4,982	7,489
						3,388
						7,633
						11,021

Sources: CIDA, Annual Reports, 1989-90. Supply and Services Ottawa, 1991

APPENDIX E

Government to Government Assistance Disbursements (CIDA Funds) (\$ million)

	1987-88	1988-89	1989-90
Anglophone Africa			
Angola			
Contributions	2.94	6.00	6.99
Total	2.94	6.00	6.99
Botswana			
Contributions	1.83	1.19	0.75
Total	1.83	1.19	0.75
Djibouti			
Contributions	0.14	0.22	0.13
Total	0.14	0.22	0.13
Egypt			
Contributions	43.72	20.72	25.24
EDC Section 31		6.45	2.30
Total	43.72	27.18	27.54
Ethiopia			
Contributions	26.18	29.71	23.00
Total	26.18	29.71	23.00
Ghana			
Contributions	27.42	32.24	110.18
Loan repayments			- 77.58
Total	27.42	32.24	32.60
Kenya			
Contributions	27.75	44.26	127.20
Loans	0.01		
Loan repayments	- 0.29	- 19.91	-108.79
Total	27.46	24.35	18.41
Lesotho			
Contributions	3.02	2.91	2.21
Total	3.02	2.91	2.21
Liberia			
Contributions	0.06	0.10	0.05
Total	0.06	0.10	0.05
Malawi			
Contributions	6.35	11.55	3.63
Total	6.35	11.55	3.63
Mauritius			
Contributions	0.26	0.25	0.12
Total	0.26	0.25	0.12
Mozambique			
Contributions	15.39	22.69	25.51
Total	15.39	22.69	25.51
Namibia			
Contributions	0.15	0.20	0.60
Total	0.15	0.20	0.60

Sources: CIDA, Annual Reports 1989-90, Supply & Services, Ottawa, 1991.

APPENDIX E (Continued)
Government to Government Assistance Disbursements
(CIDA Funds) (\$ million)

	1987-88	1988-89	1989-90
Mozambique	10.89	6.67	6.30
Namibia		0.01	
Swaziland	0.48	0.29	0.32
Tanzania	0.84	1.46	1.71
Zambia	4.86	2.19	2.83
Zimbabwe	3.49	9.17	13.60
Total	27.88	30.43	39.10
Anglophone Africa Programs			
Contributions	2.75	3.45	3.16
Total	2.75	3.45	3.16
Total Anglophone Africa			
Contributions	293.99	344.50	606.57
EDC		6.45	2.30
Loans	0.01		
Loan repayments	- 1.77	- 47.40	-347.12
Loan reschedulings	1.48		
Total	293.70	303.55	261.75
Francophone Africa - Algeria			
Contributions	4.15	3.77	3.26
Loans	0.59		
Loan repayments	- 0.87	- 1.66	- 1.67
EDC Section 31			0.22
Total	3.88	2.11	1.82
Benin			
Contributions	0.20	1.40	0.45
Total	0.20	1.40	0.45
Burkina Faso			
Contributions	12.25	14.58	10.46
Total	12.25	14.58	10.46
Burundi			
Contributions	0.73	0.36	0.35
Total	0.73	0.36	0.35
Cameroon			
Contributions	12.12	24.52	176.26
Loan repayments	- 0.03	- 0.35	-143.28
Total	12.08	24.17	32.98
Cape Verde			
Contributions	0.37	0.41	0.19
Total	0.37	0.41	0.19
Central African Republic			
Contributions	0.25	0.36	0.22
Total	0.25	0.36	0.22
Chad			
Contributions	0.35	0.39	0.22
Total	0.35	0.39	0.22
Comoros			
Contributions	0.07	0.06	0.03
Total	0.07	0.06	0.03

Sources: CIDA, Annual Reports 1989-90, Supply & Services, Ottawa, 1991.

APPENDIX E (Continued)

**Government to Government Assistance Disbursements
(CIDA Funds)
(\$ million)**

	1987-88	1988-89	1989-90
Americas			
Anguilla			
Contributions	0.39	0.18	0.07
Total	0.39	0.18	0.07
Antigua			
Contributions	0.88	1.87	0.66
Loan repayments	- 0.15	- 0.15	- 0.08
Total	0.73	1.72	0.59
Argentina			
Contributions	0.32	0.70	0.42
Loan repayments	- 0.02	- 0.02	- 0.03
Total	0.30	0.68	0.40
Barbados			
Contributions	5.14	1.05	0.24
Loans	0.04		
Loan repayments	- 0.37	- 1.40	- 0.51
Total	4.81	- 0.35	- 0.27
Belize			
Contributions	5.28	1.34	0.82
Loan repayments	- 0.18	- 0.28	- 0.15
Total	5.10	1.06	0.68
Bolivia			
Contributions	1.84	4.41	5.82
Loan repayments	- 0.04	- 0.04	- 0.04
Total	1.79	4.36	5.78
Brazil			
Contributions	3.88	3.52	2.43
Loan repayments	- 0.59	- 0.58	- 0.56
Total	3.29	2.94	1.86
Chile			
Contributions	0.23	0.24	0.25
Loan repayments	- 0.28	- 0.28	- 0.28
Total	- 0.05	- 0.04	- 0.03
Colombia			
Contributions	8.71	15.12	5.51
Loan repayments	- 1.14	- 1.44	- 1.52
Total	7.57	13.69	3.99
Costa Rica			
Contributions	4.61	2.32	10.65
Total	4.61	2.32	10.65
Dominica			
Contributions	1.51	5.65	4.76
Loan repayments	- 0.05	- 0.04	- 0.04
Total	1.46	5.61	4.72

Sources: CIDA, Annual Reports 1989-90, Supply & Services, Ottawa, 1991.

APPENDIX E (Continued)

Government to Government Assistance Disbursements
(CIDA Funds) (\$ million)

	1987-88	1988-89	1989-90
Dominican Republic			
Contributions	0.11	0.25	0.22
Loan repayments	- 0.19	- 0.30	- 0.14
Total	- 0.08	- 0.05	0.08
Ecuador			
Contributions	0.34	0.46	0.88
Loan repayments	- 0.30	- 0.35	- 0.30
Total	0.03	0.11	0.58
El Salvador			
Contributions	6.78	0.65	0.75
Loan repayments	- 0.17	- 1.19	- 0.37
Total	6.61	- 0.55	0.38
Grenada			
Contributions	6.11	3.66	0.70
Loan repayments	- 0.02	- 0.01	
Total	6.09	3.65	0.70
Guatemala			
Contributions	0.60	0.57	0.49
Loan repayments	- 0.06	- 0.09	
Total	0.54	0.47	0.49
Guyana			
Contributions	2.60	2.76	17.45
Loans	0.01		
Total	2.61	2.76	17.45
Haiti			
Contributions	8.88	8.83	10.16
Total	8.88	8.83	10.16
Honduras			
Contributions	3.74	8.89	5.41
Total	3.74	8.89	5.41
Jamaica			
Contributions	31.09	41.16	29.28
Loan repayments	- 1.26		
Loan reschedulings	1.27		
EDC Section 31			4.06
Total	31.11	41.16	33.34
Mexico			
Contributions	0.62	0.50	0.35
Loan repayments	-x	-x	-x
Total	0.62	0.50	0.35
Montserrat			
Contributions	0.28	0.12	0.10
Loan repayments	- 0.02	- 0.02	- 0.01
Total	0.26	0.11	0.09

Sources: CIDA, Annual Reports 1989-90, Supply & Services, Ottawa, 1991.

APPENDIX E (Continued)

**Government to Government Assistance Disbursements
(CIDA Funds \$ million)**

	1987-88	1988-89	1989-90
Nicaragua			
Contributions	10.54	8.05	2.80
Total	10.54	8.05	2.80
Panama			
Contributions	0.24	0.23	0.25
Total	0.24	0.23	0.25
Paraguay			
Contributions	0.07	0.10	0.10
Loan repayments	- 0.02	- 0.02	- 0.02
Total	0.05	0.08	0.08
Peru			
Contributions	20.31	21.26	20.10
Loans	0.01		
Loan repayments	- 0.07	- 0.13	-x
Total	20.24	21.13	20.10
St. Kitts-Nevis			
Contributions	1.23	2.12	0.60
Total	1.23	2.12	0.60
St. Lucia			
Contributions	2.38	1.34	1.66
Loan repayments	- 0.01	- 0.02	-x
Total	2.37	1.32	1.66
St. Vincent			
Contributions	2.20	0.54	0.96
Loan repayments	- 0.01	- 0.04	- 0.01
Total	2.19	0.50	0.94
Suriname			
Contributions		0.09	0.05
Total		0.09	0.05
Trinidad and Tobago			
Contributions	0.31	2.56	2.45
Loan repayments	- 0.43	- 0.85	- 0.03
Total	- 0.12	1.71	2.43
Turks and Caicos Is.			
Contributions	0.10	0.10	0.13
Total	0.10	0.10	0.13
Uruguay			
Contributions	0.24	0.83	0.58
Total	0.24	0.83	0.58
Venezuela			
Contributions		0.05	
Total		0.05	

Sources: CIDA, Annual Reports 1989-90, Supply & Services, Ottawa, 1991.

APPENDIX E (Continued)

**Government to Government Assistance Disbursements
(CIDA Funds \$ million)**

	1987-88	1988-89	1989-90
Virgin Is.			
Contributions	0.10	0.10	0.05
Total	0.10	0.10	0.05
Regional Programs			
Caribbean			
Contributions	27.93	26.51	14.01
Total	27.93	26.51	14.01
Central America			
Contributions	0.88	1.00	0.86
Total	0.88	1.00	0.86
Leeward and Windward Is.			
Contributions	7.54	7.89	11.27
Total	7.54	7.89	11.27
South America			
Contributions	1.58	3.68	3.74
Loan repayments		- 0.08	- 0.08
Total	1.58	3.60	3.67
Total Americas			
Contributions	169.60	180.69	157.05
Loans	0.05		
Loan repayments	- 5.38	- 7.33	- 4.18
Loan reschedulings	1.27		
EDC Section 31			4.06
Total	165.54	173.36	156.93
Asia			
Afghanistan			
Contributions	0.20	0.91	0.87
Total	0.20	0.91	0.87
Bangladesh			
Contributions	128.23	142.94	125.33
Total	128.23	142.94	125.33
Bhutan			
Contributions	0.20	0.22	0.20
Total	0.20	0.22	0.20
Brunei			
Contributions		x	
Total		x	
China			
Contributions	35.30	32.17	31.30
EDC Section 31		6.75	3.90
Total	35.30	38.91	35.20
India			
Contributions	74.89	50.68	35.16
Loan repayments	- 11.84	- 12.09	- 12.59
Total	63.05	38.59	22.57

Sources: CIDA, Annual Reports 1989-90, Supply & Services, Ottawa, 1991.

APPENDIX E (Continued)

Government to Government Assistance Disbursements (CIDA Funds \$ million)

	1987-88	1988-89	1989-90
Indonesia			
Contributions	47.65	55.10	54.35
Loans	0.37		
Loan repayments	- 3.25	- 3.76	- 1.89
Total	44.76	51.34	52.37
Israel			
Contributions	0.35	0.62	0.54
Total	0.35	0.62	0.54
Jordan			
Contributions	0.40	2.25	3.20
Total	0.40	2.25	3.20
Korea, Republic of			
Loan repayments	- 0.04	- 0.02	- 0.04
Total	- 0.04	- 0.02	- 0.04
Lebanon			
Contributions	0.10	0.20	0.10
Total	0.10	0.20	0.10
Malaysia			
Contributions	2.46	5.03	3.38
Loan repayments	- 0.64	- 0.80	- 0.72
Total	2.82	4.23	2.65
Maldives			
Contributions	0.02	0.05	0.05
Total	0.02	0.05	0.05
Myanmar (Burma)			
Contributions	0.57	0.04	0.70
Total	0.57	0.04	0.70
Nepal			
Contributions	8.15	6.74	8.36
Total	8.15	6.74	8.36
Pakistan			
Contributions	46.45	75.24	49.10
Loan repayments	- 9.62	- 11.81	- 12.65
Total	36.83	63.42	36.45
Philippines			
Contributions	22.11	22.86	26.34
Loan repayments	-x		
Total	22.11	22.86	26.34
Singapore			
Contributions	0.04	0.03	0.05
Total	0.04	0.03	0.05
Sri Lanka			
Contributions	35.27	25.08	14.31
Loan repayments	- 0.80	- 2.81	- 2.97
Total	34.47	22.26	11.34

Sources: CIDA, Annual Reports 1989-90, Supply & Services, Ottawa, 1991.

APPENDIX E (Continued)

Government to Government Assistance Disbursements (CIDA Funds \$ million)

	1987-88	1988-89	1989-90
Fiji			
Contributions	0.13		
Total	0.13		
Kiribati			
Contributions	0.15		
Total	0.15		
Papua New Guinea			
Contributions	0.35		
Total	0.35		
Solomon Is.			
Contributions	0.32		
Total	0.32		
Tonga			
Contributions	0.23		
Total	0.23		
Tuvalu			
Contributions	0.16		
Total	0.16		
Vanuatu			
Contributions	0.32		
Total	0.32		
Western Samoa			
Contributions	0.24		
Total	0.24		
Regional Programs			
Contributions	0.06	3.33	3.85
Total	0.06	3.33	3.85
Total Oceania			
Contributions	2.37	3.33	3.85
Total	2.37	3.33	3.85
Miscellaneous Government-to-Government, Special Administration, Briefing Centre Programs, etc.			
Contributions	26.49	28.19	25.08
Advances to Universities		1.07	0.75
Total	26.49	29.26	25.84
Total Government-to-Government			
Contributions	1,133.05	1,259.92	1,708.41
Loans	1.26		
EDC Section 31	2.12	32.11	30.85
Loan repayments	- 38.26	-115.03	-712.98
Loan reschedulings	3.05		
Total	1,101.21	1,177.00	1,026.28

Sources: CIDA, Annual Reports 1989-90, Supply & Services, Ottawa, 1991.

APPENDIX E (Continued)

Government to Government Assistance Disbursements (CIDA Funds \$ million)

	1987-88	1988-89	1989-90
Congo			
Contributions	0.25	0.35	22.69
Loan repayments			- 22.60
Total	0.25	0.35	0.09
Côte-d'Ivoire			
Contributions	10.64	15.71	88.48
Loan repayments			- 79.96
Total	10.64	15.71	8.52
Equatorial Guinea			
Contributions	0.16	0.16	0.09
Total	0.16	0.16	0.09
Gabon			
Contributions	3.11	3.71	16.49
Loan repayments			- 7.61
Total	3.11	3.71	8.88
Gambia			
Contributions	0.31	0.32	0.16
Total	0.31	0.32	0.16
Guinea			
Contributions	7.46	9.35	3.71
Total	7.46	9.35	3.71
Guinea-Bissau			
Contributions	0.36	0.37	0.18
Total	0.36	0.37	0.18
Madagascar			
Contributions	0.55	0.48	23.87
Loan repayments			- 22.96
Total	0.55	0.48	0.91
Mali			
Contributions	15.99	21.63	22.23
Total	15.99	21.63	22.23
Mauritania			
Contributions	5.64	4.57	0.53
Loan repayments	- 0.05	- 4.10	
Total	5.59	0.48	0.53
Morocco			
Contributions	9.28	13.20	10.23
Loans	0.01		
Loan repayments	- 0.30		- 0.01
Loan reschedulings	0.30		
ECD Section 31		11.38	18.16
Total	9.29	24.58	28.38
Niger			
Contributions	23.91	21.50	16.13
Total	23.91	21.50	16.13

Sources: CIDA, Annual Reports 1989-90, Supply & Services, Ottawa, 1991.

APPENDIX E (Continued)

Government to Government Assistance Disbursements (CIDA Funds \$ million)

	1987-88	1988-89	1989-90
Thailand			
Contributions	27.29	19.36	19.01
EDC Section 31	2.12	7.53	2.21
Loan repayments	- 0.03	- 0.37	- 0.45
Total	29.38	26.52	20.76
Yemen Arab Republic			
Contributions	0.19	0.19	0.10
Total	0.19	0.19	0.10
Yemen, Democratic People's Republic of			
Contributions	0.07	0.06	0.04
Total	0.07	0.06	0.04
Regional Programs			
ASEAN			
Contributions	3.59	4.30	2.97
of which: Brunei		x	0.08
Indonesia	0.16	0.16	0.22
Malaysia	0.16	0.16	0.22
Philippines	0.16	0.16	0.22
Singapore	0.12	0.13	0.12
Thailand	0.19	0.19	0.25
Total	3.59	4.30	2.97
Asia Programs			
Contributions	5.00	8.14	6.91
Total	5.00	8.14	6.91
Total Asia			
Contributions	438.18	452.19	382.37
Loans	0.37		
EDC Section 31	2.12	14.27	6.11
Loan repayments	- 26.23	- 31.67	- 31.41
Total	414.43	434.79	357.08
Europe			
Malta			
Loan repayments	- 0.03	- 0.01	- 0.01
Total	- 0.03	- 0.01	- 0.01
Turkey			
Contributions	0.10	0.10	0.09
Loan repayments	- 2.06	- 4.39	- 2.56
Total	- 1.96	- 4.29	- 2.47
Total Europe			
Contributions	0.10	0.10	0.09
Loan repayments	- 2.09	- 4.40	- 2.57
Total	- 1.99	- 4.30	- 2.48
Oceania			
Cook Is.			
Contributions	0.38		
Total	0.38		

Sources: CIDA, Annual Reports 1989-90, Supply & Services, Ottawa, 1991.

APPENDIX E (Continued)

Government to Government Assistance Disbursements (CIDA Funds \$ million)

	1987-88	1988-89	1989-90
Rwanda			
Contributions	8.02	12.34	15.09
Total	8.02	12.34	15.09
Sao Tome and Principe			
Contributions	0.07	0.08	0.06
Total	0.07	0.08	0.06
Senegal			
Contributions	28.91	24.52	42.60
Loan repayments			- 15.09
Total	28.91	24.52	27.51
Togo			
Contributions	1.56	18.24	0.49
Loan repayments		- 16.57	
Total	1.56	1.67	0.49
Tunisia			
Contributions	8.11	17.30	8.76
Loans	0.16		
Loan repayments	- 1.53	- 1.55	- 1.55
Total	6.73	15.75	7.21
Zaire			
Contributions	23.41	22.21	51.79
Loans	0.07		
Loan repayments			- 31.30
Total	23.48	22.21	20.50
Regional Programs			
Sahel			
Contributions	19.34	13.00	13.17
Of which: Burkina Faso		0.09	0.28
Total	19.34	13.00	13.17
Francophone Africa Programs			
Contributions	4.79	4.95	4.44
Loan repayments			- 1.68
Total	4.79	4.95	2.76
Total Francophone Africa			
Contributions	202.31	249.78	532.64
EDC Section 31		11.38	18.38
Loans	0.84		
Loan repayments	- 2.78	- 24.23	-327.70
Loan reschedulings	0.30		
Total	200.67	237.00	223.32
Total Africa			
Contributions	496.30	594.35	1,139.21
EDC Section 31		17.84	20.68
Loans	0.84		
Loan repayments	- 4.56	- 71.63	-674.82
Loan reschedulings	1.78		
Total	494.37	540.55	485.07

Sources: CIDA, Annual Reports 1989-90, Supply & Services, Ottawa, 1991.

APPENDIX E (Continued)

Government to Government Assistance Disbursements (CIDA Funds) (\$ million)

	1987-88	1988-89	1989-90
Nigeria			
Contributions	2.09	1.20	43.78
Loan repayments			- 42.37
Total	2.09	1.20	1.41
Seychelles			
Contributions	0.10	0.15	0.08
Total	0.10	0.15	0.08
Sierra Leone			
Contributions	0.10	0.13	0.06
Total	0.10	0.13	0.06
Somalia			
Contributions	0.20	0.25	0.08
Total	0.20	0.25	0.08
South Africa			
Contributions	2.19	3.43	3.29
Total	2.19	3.43	3.29
Sudan			
Contributions	15.82	13.03	8.45
Total	15.82	13.03	8.45
Swaziland			
Contributions	1.46	2.21	2.92
Loan repayments			- 1.37
Total	1.46	2.21	1.55
Tanzania			
Contributions	33.02	55.23	30.57
Loan repayments		- 15.17	
Total	33.02	40.06	30.57
Uganda			
Contributions	7.54	20.67	5.66
Loan repayments		- 12.33	
Total	7.54	8.34	5.66
Zambia			
Contributions	30.67	27.94	99.44
Loan repayments	- 1.48		- 86.19
Loan reschedulings	1.48		
Total	30.67	27.94	13.25
Zimbabwe			
Contributions	14.97	14.32	44.38
Loan repayments			- 30.81
Total	14.97	14.32	13.56
Regional Programs			
Southern African Development Coordination Conference			
Contributions	27.88	30.43	39.10
of which: Angola	0.46	0.60	0.27
Botswana	4.51	7.10	11.69
Lesotho	0.35	0.23	0.21
Malawi	1.03	1.28	1.11

Sources: CIDA, Annual Reports 1989-90, Supply & Services, Ottawa, 1991.