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DETERMINANTS OF CANADIAN AID POLICY

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DETERMINANTS OF CANADIAN AID POLICY

I. INTRODUCTION

The 2.2 billion dollars which Canada spends annually on foreign aid¹ will not by itself change the course of development in the Third World. But it can, if properly used, have an appreciable impact on those countries or sectors of intervention where it is concentrated. Questions arise regarding the extent to which Canadian aid does in fact pursue developmental objectives and the extent to which aid policy is so designed as to maximize the potential impact which the aid might have on world poverty.

This paper is an attempt better to understand the nature of Canadian aid policy. Much attention is given to the motives and objectives underlying that policy, because there continues to be much debate in Canada about the 'true' objectives of the aid program and the reasons why these have been important.

The title of this paper refers to the "determinants" of Canadian aid policy. Such determinants may be both domestic and international in scope, and might be classified for convenience into four groups:

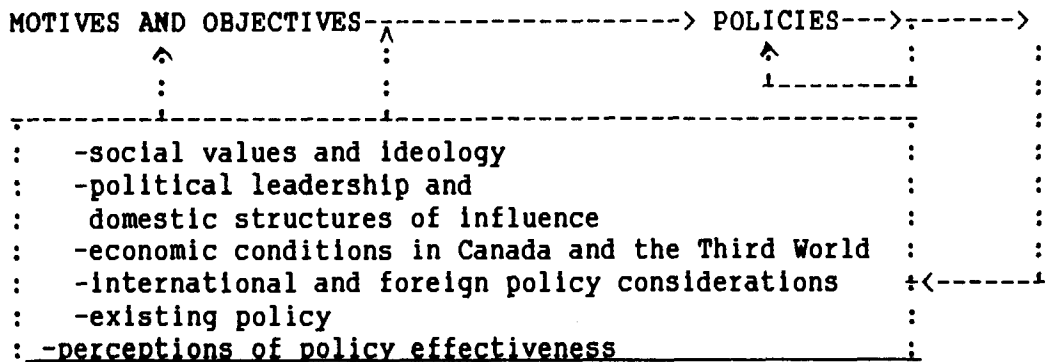
- ideology and social values, including for instance the attitudes of Canadian regarding the proper role of the state in matters of income distribution, or the sense of community which Canadians feel with regard to the rest of the world and the Third World in particular;
- political determinants, including the electoral process by which widespread social values may find their expression in policy, and such obvious factors as political leadership, the influence of special interests, and bureaucratic politics;
- economic determinants, such as the health of the domestic economy or the changing needs of developing countries; and
- international factors, including pressures applied by recipient countries, and foreign policy considerations such as those associated with international agreements in matters of foreign aid.

The motives and objectives of the aid program may be considered in this context as a sort of intermediate determinant helping to explain specific policies, but determined at the outset by more 'primary' determinants such as the above.

Additional complexity can be added to the model in several ways. Aid policies evolve and accumulate over time and cannot therefore be properly analyzed in any other than a historical context. Policies which are created in response to some particular conjuncture of influences or political leadership tend to endure even as circumstances change, while policies also respond to acquired experience and perceptions of policy effectiveness, so that results obtained from one set of policies become determinants of new policies at a subsequent stage. Consider finally that aid policies of various sorts are interrelated one to the other for coherence and thus become, in a sense, determinants of each other.

¹ CIDA, Annual Report, 1985-86. Unless otherwise stated, all data in this paper are denominated in Canadian dollars (\$1 Can. = \$.75 US). The term 'billion' is being used here in the American sense of one thousand million.

The following diagram introduces these additional considerations and specifies some of the determinants which will reappear at different times in this paper.



As mentioned earlier, our attention in this paper revolves largely around the motives and objectives underlying Canadian aid. From a behavioural point of view, it is useful to distinguish between the international, national and private objectives which might motivate a donor such as Canada.

International objectives include such categories as the reduction of world poverty, the furthering of world peace and democracy, or the alleviation of the international debt crisis, inter alia. These are international public goods which would best be supplied by some sort of world government and taxation authority, if it existed (Hochman and Rodgers, 1969; Russett and Sullivan, 1971; Sandler et al., 1978, 63-67). In the absence of such an international authority, contributions by individual countries are voluntary, and depend on each country's sense of community and shared destiny with the rest of the world, reinforced as this may be by burden-sharing agreements of various sorts. Relatively large contributors are rewarded with 'prestige,' a commodity whose importance should not be discounted since it does tend to accrue disproportionately to the "foreign policy elite" responsible for designing a donor's aid policy. This does not mean that internationalist ideals are absent from the process - the concept of prestige itself would be meaningless in the absence of moral values - but it does mean that the contributions of individual donors cannot be understood in isolation. One would expect the contributions of each donor to vary at least in part as a function of the efforts being made by the rest of the donor community, and one would expect all donors to be concerned with the notion of 'burden sharing.'

The degree to which internationalist motivations such as the above constitute the main inspiration for giving aid will depend upon a variety of factors, including the extent to which a sense of community exists at the international level, the extent to which donors successfully coordinate their contributions, and the extent to which various international objectives such as poverty alleviation, world peace or the maintenance of Western democracy are seen to reinforce each other. For individual donors, it will depend on each country's commitment to international values and the degree to which the country feels its own contribution will make a difference.

Aid can also be used for strictly national objectives, however, be it for the promotion of the donor country's export industries or the pursuit of other

foreign policy objectives important to the national interest. Foreign aid being provided by the national government of the donor country, it would be surprising if such objectives were not pursued to some extent.

Within the donor country, aid can and does also satisfy private objectives. The most obvious of these are economic in nature and accrue to both business and labour involved in providing products and services to foreign countries benefiting from foreign aid. Aid also provides jobs and careers for civil servants and for non-government organizations. This raises the possibility of foreign aid being abused by individuals and firms involved in its implementation, and it is possible likewise for the personal and bureaucratic objectives of aid officials to conflict with the effective implementation of the aid program's broader objectives (Tendler; Wyse).

The true motives behind foreign aid are difficult to separate, since rhetoric and reality may not match. All three types of motivation - international, national and private - are influential to some degree, and the question is that of identifying the balance existing between them. Canadian government pronouncements on foreign aid have consistently given pride of place to the internationalist and humanitarian objective of fostering development in poor countries, but critics have questioned the veracity of such rhetoric.

Carty and Smith put it bluntly, stating that "a review of the content of Agency programs rather than its press releases shows that the humanitarian aim is in fact close to the bottom of Canada's aid agenda" (p. 39). The more moderate North-South Institute tends to arrive at a similar, though more nuanced conclusion, suggesting in a preliminary report on its evaluation of Canadian aid to four major recipient countries that development tends to be 'crowded out' by other objectives such as Canada's economic and political interests (May, 1983, p. 4). Similar points of view have been expressed by Pratt (1984b), Freeman (Autumn 1980) and Dupuis (1984), while Dudley and Monmarquette wrote an entire book on the possible motivations behind Canadian aid without ever giving humanitarian or altruistic motives serious consideration (1978, p. 43). Nossal opts for "organizational maintenance" (which is to say respect for the sovereignty of other states), and "prestige" as key motivating interests (Jan. 1984), a viewpoint which does not necessarily deny the importance of internationalist values (as we have argued above), though Nossal does not mention the link.

Many social scientists are uncomfortable with explanations of behaviour which depend on appeals to humanitarian motives or a sense of community, and the tendency to look to other forms of explanations as 'primary' is evident in the literature mentioned above. Arguments concerning the non-humanitarian motives of aid encourage readers to be realistic about the expectations which may be held of government institutions, and discussions which encourage skepticism about government rhetoric serve a useful and important purpose. But realism can also stoke the fires of cynicism and it is useful at some point to reconsider the issue.

Sections II and III below review first the rhetoric and then the practice of Canadian aid. Section II constitutes a survey of Canadian attitudes and statements about foreign aid, as expressed by the general public, interest

groups and the Canadian government. Section III proceeds to survey the major dimensions of the Canadian aid program itself, and the paper concludes, in Section IV, with an attempt to draw together the major points which can be made about the determinants of Canadian aid policy.

II. VOTERS, INTEREST GROUPS AND POLITICAL LEADERSHIP

This section deals with two types of domestic determinants - public opinion and interest group pressure - and proceeds from there to review the role played by key political actors in the recent history of Canadian aid. This last subsection provides a convenient context for reviewing the official rhetoric about Canada's aid objectives and how these have evolved over time.

Perceptions of Foreign Aid.

We begin with the question of how typical Canadians perceive the role of foreign aid. For this, one may look at the results of various opinion polls which have been taken over the years, some of which have been quite comprehensive (for a brief survey, see Wyse, 1984, Appendix). The main questions asked relate to the degree of favour expressed for the aid program and the reasons why respondents feel Canada should give foreign aid. It may be asked whether public opinion counts for much in these matters, since it is not "typical" Canadians who make foreign policy decisions. Public opinion does help to set the agenda, however, and it sets limits to what a government may or may not do (Stairs, 1977-78), all the more so when the ruling government is politically vulnerable (Fleming and Keenleyside, 1983). To what extent is Canadian public opinion consistent with a generous foreign aid program based on internationalist values? That is our question.

A good place to start is a recent opinion survey which has gone beyond the usual questions about foreign aid, to investigate the attitudes of Canadians to foreign policy issues generally. In the context of our previous discussion on different types of motivations for providing aid, it is interesting to note that most Canadians do in fact express sympathy for internationalist values. As the polling agency concluded in its report to the Department of External Affairs:

"[the image of] Canada as a moral, humane, peaceable, caring society is a very deeply embedded image, and is a very important aspect of the Canadian identity and one Canadians seem to take pride in. From this perspective, foreign policy initiatives that deal with aid to the Third World, alleviating hunger and poverty, seeking solutions to the nuclear arms race, speaking out against human rights violations are thought of by the majority of Canadians as part of being Canadian, part of the national character, and not associated with any one political party" (Decima Research Ltd., 1985, pp. 54-5).

Most Canadians also support the aid program, and they do so for reasons which can be termed 'humanitarian' in nature. Of those who supported foreign aid in a 1980 poll conducted by Adcom Research, almost all did so by virtue of the

wealth or income differences between Canada and the Third World, citing either "humanitarian reasons" (59%) or the fact that "Canada is rich..." (29%). Only 4% volunteered "trade benefits for Canada" as a basis for aid, even though multiple responses were accepted. Other responses were interesting mainly for the rarity with which they were expressed. These included "prestige for Canada..." (2%), "the promotion of peace" (2%), and "the blocking of communism" (1%).

Yet Canadians do not reject the possibility of using aid to promote Canadian economic interests or influence abroad. The Adcom Research poll of 1980 found that 28% of respondents (including both supporters and opponents of aid) thought that the main priority of the aid program should be to build Canadian trade, while 4% thought it should be to increase Canada's influence in the world. These figures might have been less if multiple responses had not been permitted, however (total responses added up to 115% on this question). Most respondents (72%) believed that aid generates benefits for Canada as well as for the Third World (although this includes those who identify "moral satisfaction" as a benefit), and there is also a strong feeling that Canada should benefit. Many respondents (46%) believed that Canada usually gets too small a business return from its aid, and 53% held that Canadian aid should be tied to the purchase of Canadian products.

However most Canadians in 1985 did not seem willing to sacrifice the developmental effectiveness of aid on the altar of commercial benefits. Asked to choose between directing Canadian aid in such a way as to increase sales of Canadian products and services or removing tying conditions in order to better address Third World needs, 72% of respondents to the Decima Research poll opted in favour of the latter proposition.

The best statement on the degree of Canadian support of the aid program is probably that which can be gauged from opinions on appropriate levels for Canadian aid. On this issue, one usually finds between 75% and 80% of the population to be in favour of current or increased aid levels. Of those expressing an opinion in the Adcom Research poll of 1980, 39% felt that aid should be increased, 39% felt that it should be kept the same, while 22% felt it should be decreased or ended. This result is roughly consistent with those of various Gallup polls taken between 1975 and 1981 which showed about half the Canadian population in support of increased foreign aid. It is also consistent with the result obtained by Buckridian in a 1973 survey of the Ottawa region, where 'increasers' numbered 44% of those expressing an opinion (Buckridian, p. 109).

Results such as these do seem to depend rather delicately upon the phrasing of the question. Many Canadian polls, some going as far back as the 1960s, have asked an almost identical question about support for further growth of the aid program, to which different results were obtained. These polls ask not whether aid should be increased, but simply whether present levels are too low, just about right or too high. Paradoxically, the number who think aid is too low has tended to be much less than the number who think it should be increased. Results indicate that a variable proportion ranging from 11 to 22 percent believe that aid levels are too low; between 50 and 60 percent usually believe

that they are about right; and a sizable minority, usually about one-third, believe that they are too high.

The paradox can be explained by assuming that many of those who think that aid levels are "just about right" would nonetheless support a small increase. This interpretation is vindicated by one of the most interesting results to come out of the Buckridian survey. In a follow up question to that of whether or not aid should be increased, Buckridian faced respondents with the fact that such an increase would have to be paid for out of taxes. This should reasonably have yielded a decrease in the number of declared 'increasers', since people would be made more aware of the costs of increasing aid, but this is not what happened. Instead, the number of 'increasers' actually rose, going from 44% to 56% of the respondent population. The reason for this is apparently that Buckridian allowed respondents to specify limits to how much of a tax increase they would be willing to countenance: 28.4% of respondents opted for less than 1% increase; 23.8% opted for between 1% and 5%; and only 4% opted for more than 5%. Most Canadians thus seem willing to increase aid, but only in incremental amounts.

Turning more specifically now to elite opinion, data are available on two types of elite groups: a broad socio-economic elite of better-educated, higher-income Canadians, and the "foreign policy elite", a much smaller group which includes those who are directly or indirectly involved in foreign policy making (Byers et al., 1977, pp. 605-7). In those few cases where opinion polls have differentiated between different socio-economic groups, it has generally been found that income and education correlate quite strongly and positively with willingness to extend foreign aid. 'Increaser' in the Buckridian survey numbered 54% of those with post-secondary education who expressed an opinion, but only 33% and 32% respectively in two less-educated groups (Buckridian, 1974, p. 135 and Appendix 5; see also Canada, 1980, p. 65; and O'Manique, 1979, pp. 124-5).

As for the foreign policy elite, it is here that we find the most positive attitudes of all to foreign aid, with fully half of the respondent population (or 61% of those expressing an opinion) favouring not just an increase in aid but a doubling of aid levels in the late 1970s (Lyon and Tomlin, 1979, p. 157). The same survey showed that 76% of respondents expressing an opinion perceived Canadian aid as primarily humanitarian in motivation, while other results indicated a strong preference that it should stay that way (Lyon and Tomlin, 157-9).

Interesting insights into the preoccupations of Canada's foreign policy elite can be derived from the subject matter addressed by respondents having chosen to make presentations to the recent Special Joint Committee of the Senate and the House of Commons on Canada's International Relations. Hearings were held in major cities all across the country, and it is remarkable to what extent the issues addressed were international in focus rather than simply issues of Canadian interest in the international arena. Over three quarters of the written submissions received by the Committee dealt with three broad concerns: human rights in South Africa and Central America (142 responses), peace and arms control (109), and development assistance (73). Only 16 responses dealt with the issues of trade and economic competitiveness, a result which can be

partly explained by the fact that separate hearings had recently been held on the issue of Canada-U.S. free trade. Summing up, the Committee's report attributes to the respondents a belief that international co-operation could lead to a better ordered and more equitable world, and a conviction that Canada should work responsibly and actively towards this goal (Canada, Interdependence and Internationalism, pp. 7-24).

The sensitivity of opinion poll results to the wording of questions and to the context in which they are posed makes it difficult to study the evolution of public opinion over time. In the absence of solid information proving the contrary, and with some evidence to support the case (data from the 1960s surveyed in Wyse are more or less comparable to those available for the 1980s in the Goldfarb Report '85, p. 67), it appears that the number of 'increasers' has remained approximately constant over the last twenty years. Since Canadian aid flows have risen substantially over this period, one could say that general support for aid has in some sense increased.

The largest shift in public opinion regarding foreign aid probably occurred in the 1960s, climaxing in a spurt of voluntary activity at the end of that decade. This was the era in which Miles for Millions marches were born and in which hundreds of thousands of Canadians first exchanged blisters and sore feet for cash contributions to the cause of development.² Many new non-governmental organizations were created at this time, and the number of Canadian NGOs working in international development grew from about 20 in 1963 to over 120 in 1972 (CIDA, Partners in Tomorrow, p. 11). Canadian support for NGO activities did not fade in the harsher economic climate of the 1970s and early 1980s, but it did stabilize. Although the number of NGOs continued to grow - there were over 200 receiving funds from CIDA in 1983 - there was no growth in the real value of private voluntary assistance between 1970 and 1983 (CIDA, Partners in Tomorrow, p. 11; and Sewell et al. eds., Table D-6, p. 296). The years 1984 and 1985 witnessed a strong upsurge in voluntary contributions in response to the famine in Africa and the surrounding media publicity. Contributions in real terms rose by 12.6% in 1984 and 21.3% in 1985, and public support for foreign aid has correspondingly increased in recent years.

Interest Groups

Private sector organizations with a special interest in foreign aid issues may be divided into two groups: those whose concern is primarily ethical or ideological and whose lobby activities may be perceived as being of a "general interest" variety; and those with particular or private interest in aid.

General-interest groups are mostly pro-aid and generally advocate a more generous, basic-needs oriented aid program. The exception is Citizens for Foreign Aid Reform (C-FAR), as lobby group of right-wing activists which uses the mass media to draw attention to the weaknesses of the aid program as they perceive them. C-FAR's views are well illustrated by Fromm and Hull's Down the

² The marches began in 1967 as one of Canada's centennial anniversary projects. By 1969, 400,000 Canadians were marching in 114 places, collecting \$5 million from sponsors that year (Canada, CIDA, International Development, April 1970, p.8).

Drain? A Critical Re-examination of Canadian Foreign Aid (1981), and a flavour of the tone and lack of subtlety of their publications can be gained from the title which C-FAR gave to its pamphlet criticizing aid to Tanzania, "Let Them Eat Nyerere"!

Other groups have likewise been critical of Canadian aid, but almost always with the purpose of advocating reform in a humanitarian and internationalist direction by opposing such "mixed objective" policies such as procurement tying. Examples of this type of critical stance can be found in the work supported by research groups such as the North-South Institute (NSI, 1977), 1980, 1983; Young, 1983; Ehrhardt, 1983; English, 1984; Lavergne forth.) and the more radical Latin American Working Group (Carty and Smith, 1981).

Other non-governmental institutions such as the churches and NGOs which are directly involved in Third World development have been involved in public education, operating through the churches, the schools and, to a lesser extent, through the mass media. Amounts spent on education and research by these organizations have grown quite steadily since CIDA (the Canadian International Development Agency) established its Public Participation Program in 1971 in order to support public education and awareness activities by NGOs. CIDA disbursements through this channel increased from \$600,000 in 1971 to \$7.8 million in 1984-85, and total NGO disbursements for education purposes are presently in the order of \$10-12 million a year. This is not a lot of money in a country of 25 million people, but it must be kept in mind that these funds do not include the value of voluntary services and serve mainly to supplement resources available to regular teaching staff and clergy in schools and churches. Most NGOs allocate between 5% and 25% of their total budgets for development education (CCIC, "A Whole New World", p. 11).

Most NGOs are not directly involved in lobby activities, but some organizations do maintain contact with the government. The main body performing such functions is the Canadian Council for International Cooperation (CCIC), founded in 1968, which acts as an umbrella organization for about 110 NGOs. In Quebec, the Association Québécoise des Organismes de Coopération Internationale (AQOCI) performs approximately the same roles as does CCIC in Ottawa. CCIC's objectives include the mobilization of greater Canadian participation in assisting international development, improved coordination and cooperation between NGOs, and improved links between NGOs and the government in aid matters (CCIC Directory, 1978, p. 23). Although its resources are limited, CCIC monitors government policy and provides a mechanism for voicing the collective concerns of its members to the government.

CCIC has limited its advocacy mainly to the presentation of short resolutions and briefs to the government, and these tend to be simple statements of position rather than analytical pieces (Clark, pp. 48-50). This is not to say that they have no influence, since the NGOs do represent a constituency. However, that constituency has itself been perceived by government officials to be limited in size, and one scholar considers CCIC to have "failed miserably" in its past efforts to influence government policy (Clark, 1985).

A large number of NGOs have taken advantage of the opportunity to present their views to the government in the past two years, through the hearings of three

parliamentary committees and subcommittees reviewing Canadian foreign policy: the Special Joint Committee of the Senate and of the House of Commons on Canada's International Relations; the Senate Committee on International Financial Institutions; and the Subcommittee on Overseas Development Assistance of the Standing Committee of External Affairs and International Trade.³

Many authors have considered the commercial interests of Canadian business as being of prime explanatory importance in issues of foreign aid policy (Carty and Smith; Dupuis; Pratt, 1982, 1981 a,b). Evidence of various sorts can be adduced in support of the proposition. The tying of Canadian aid does benefit some branches of Canadian business, as do other measures designed to extract commercial benefits from the use of Canadian aid. And business interests are indeed the principal proponents both of tied aid and of other forms of commercial linkages such as mixed credit. This is clearly evident in the recommendations of the "Hatch Report" published by a group of businessmen in 1979 (Export Promotion Review Committee, 1979) and in the position taken by business interests in conferences or government consultations touching on aid issues.

As individuals, Canadian businessmen may or may not be less concerned with world poverty than the bulk of Canadian population, but humanitarian concerns are largely irrelevant to the stance which business people and business groups take as representatives of business, since it is in that case their professional responsibility to support the interests of their clients. This is true irrespective of whether the businesses in question are socially or privately owned. The Canadian Wheat Board, or even the federal Department of Agriculture, is no less interested in tied aid than any private business enterprise or organization. Indeed they have been quite active proponents of that policy as reflected in the provision of food aid.

Opportunities for business to make their views known are numerous. They include representations made in the context of regular meetings between senior government officials and the aid committee of the Canadian Business and Industry International Advisory Committee (CBIAC - dissolved in 1984),⁴ ad hoc representations by other business organizations such as the Canadian Chamber of Commerce, the Canadian Manufacturers Association, the Canadian Council of the International Chamber of Commerce, the Canadian Committee of the Pacific Basin Economic Council, the Canadian Association for Latin America, and the Canadian Export Association (which has its own Development Aid Committee), as well as representations made by individual businesses. Nor should one fail to mention the fact that CIDA officers are in almost daily contact with private sector agencies and consultants of one sort or another. It would be surprising indeed if the cumulative effect of these representations and contacts was not to bias

³ See pp. 161-196 of the Special Joint Committee's June 1986 report for a list of committee witnesses, and submissions received.

⁴ CBIAC was merged with the Canadian Council of the International Chamber of Commerce in 1984 to form the International Business Council of Canada, which does not have an 'aid committee' per se. It is now left to the Canadian Export Association to handle the question.

the uses which are made of Canadian aid towards those which promise commercial returns.

Individual representation by business may be of special importance in this process. Individual firms sometimes derive a substantial part of their income from aid contracts⁵ and have a strong incentive to use whatever political leverage and influence they have at their disposal by virtue of their economic power. Interventions by individual firms may affect not only the general policy environment on issues such as aid tying, but also decisions on specific projects, contract allocations or project design.

Politicians and Government

Turning now to the issue of government leadership, the best approach to follow is probably a historical one, and our focus at this stage will be on the general objectives of Canadian foreign aid rather than the specifics of the aid program itself.

Foreign policy in the Canadian system of government is the prerogative of Cabinet, and it is an area of policy over which the Prime Minister himself exercises decisive influence. Administrative responsibility for most of the aid program devolves to CIDA, the Canadian International Development Agency, whose President is a civil servant appointed by the Prime Minister. CIDA itself lies under the aegis of the Secretary of State for External Affairs, although there is also, since 1984, a junior cabinet position (External Relations) whose Minister is directly responsible for the Agency.

Consultation on matters of aid policy also takes place between government departments, both at the Cabinet level and within the civil service. Under the Liberal government of Pierre Trudeau, who held power for most of 1968-84, aid issues reached Cabinet only after having been filtered through a number of interdepartmental committees composed of senior bureaucrats. The main bodies represented on these committees included CIDA, External Affairs, Finance, Trade, Agriculture, and Treasury Board (Wyse, 1983). Such committees have now been disbanded under the Conservatives, but interdepartmental consultation continues to take place on a regular if less formal basis.

Canadian aid first developed as a distinct element of Canadian foreign policy with the introduction of the Colombo plan in the early 1950s. Canadian internationalism was then in its heyday under Louis St. Laurent as Prime Minister and Lester Pearson as Secretary of State for External Affairs, and this was a period when Canada's political leaders clearly led and helped form Canadian public opinion in international matters (Nossal, 1985, pp. 53-60). Foreign aid was not a central element of Canadian internationalism at this

⁵ According to a Treasury Board study prepared in 1975, the commercial benefits of aid tying are concentrated among a relatively small number of firms. In the equipment sector, 23 firms were found to have accounted for 64% of procurement in 1974/75 (calculated from Canada, Treasury Board, pp. 28 and 29). It was estimated that 28% of equipment purchases were made from firms dependent upon aid contracts for 10% or more of their sales revenues (Canada, Treasury Board, p. 30). Likewise it was found that 21 out of 38 consulting firms studied depended on Canadian aid for at least 5% of their income (pp. 45-6).

time, in comparison to Cold War issues and the construction of the United Nations system. Foreign aid was of fairly minor proportions, and it was viewed as a temporary phenomenon not dissimilar to the Marshall Plan (Spicer, 1966, pp. 11, 95, 103-5). As Spicer puts it,

Canada launched her development aid programme in 1950 with virtually no policy aim beyond a lively anti-Communist instinct and an exhilarating vision of a free, multi-racial Commonwealth (Spicer, 1966, p. 3).

Spicer considers strictly developmental objectives to have appeared only later. The lag was a short one, however, and humanitarian motives were heavily emphasized as the primary justification for foreign aid as early as the mid-1950s (Spicer, 6, n. 9). Aid flows increased rapidly under Pearson's prime-ministership (1963-68) (see Figure 1), and foreign aid came to be recognized as a permanent feature of Canadian foreign policy. The External Aid Office was renamed and given new status as the Canadian International Development Agency in 1968. According to Thornley,

[the change] expressed the widespread feeling in Canada - as shown by Miles For Millions marches and the strong growth of voluntary agencies - that assistance to Third World people should be a major national endeavour. It reflected the high priority given by the government to international co-operation as a main theme in our foreign policy (Thornley, 1979, 27).

When Pierre Trudeau replaced Lester Pearson as Prime Minister in 1969 he reconsidered and challenged Canada's post-war tradition of internationalism in world affairs, arguing that it had led to the neglect of Canadian interests in matters of foreign policy.⁶ One would expect henceforth that a different balance would be sought between Canada's interests and those of the international community. Yet this did not prevent Canada from being responsive to the concerns of Third World countries under Trudeau, and the 1970 policy document entitled Foreign Policy for Canadians was remarkable in fact for the serious attention given to aid issues. It also called for substantial increases in the share of ODA going to multilateral institutions. Trudeau himself was sympathetic to Third World demands, and Canadian positions in North-South fora during the 1970s were reflective of this attitude (O'Manique, 1979; Wood, 1981s).

⁶ Foreign Policy for Canadians, 1970, pp. 5-9. On how this paper reflected Trudeau's own views, see Mossal, 1985, pp. 59 and 96-97.

Canada's foreign aid objectives as stated in Foreign Policy for Canadians were little different, and not much more precise, than those articulated in previous years. The accent remained on economic and social development in developing countries as the primary goal of Canadian aid. The paper also insisted that the aid program be sensitive and relevant to other Canadian objectives, but there was nothing new in this either. Canadian politicians had always insisted that Canada's aid objectives were at once humanitarian, economic and political. And Spicer had already considered this refrain a rather tired one as far back as the 1960s (Spicer, pp. 4-5).

Canada's economic and political objectives did, of course, evolve over time. A relatively new objective which found voice in Foreign Policy for Canadians was a desire to project abroad Canada's image as a bilingual and bicultural country and to foster new links with francophone countries. This reflected Quebec's growing affirmation of its own identity and interests within the Canadian federation in the 1960s. It was both a response to French-Canadian demands and, to some extent, the result of infighting between Quebec and Ottawa for recognition as the legitimate representative of French-Canadian interests abroad. This shift in focus of Canadian foreign policy led to a strong increase in the amount of aid being directed to francophone countries after 1970 (see Figure 15).

Canadian aid had grown rapidly in the second half of the 1960s, and it continued to do so after 1970, following the commitment in Foreign Policy for Canadians to move Canada at an unspecified pace toward the official United Nations aid target of 0.7% of GNP. One of the constraints to even faster expansion was CIDA's own ability to disburse funds. When Paul Gerin-Lajoie took over the presidency of CIDA in 1970, expenditures had fallen well behind authorizations, and the backlog represented one of the main criticisms directed towards CIDA at the time (Thornley, 28). The speeding up of disbursements was thus one of two main goals set by Gerin-Lajoie upon taking over. The other was to give new priority to reaching those in greatest need.

In 1975, the Canadian government published its most comprehensive policy statement ever on Canadian aid policy, the Strategy for International Development Cooperation, 1975-1980. This statement formalized many of the objectives being pursued under Gerin-Lajoie and committed Canada to what was in large part a basic-needs orientation to aid policy.⁷ The Strategy did not change the fundamental goals of Canadian aid, but it did elaborate on them and specify concrete policy measures and reforms intended to make Canadian aid more effective as a development tool. These included such measures as a greater degree of untying for procurement in developing countries, increased support for multilateral institutions, greater geographic concentration, more aid to the least developed countries of the Third World, and priority to meeting the basic needs of the population. The Strategy also reaffirmed the government's determination to move towards the 0.7% target, though still without specifying

⁷ Although the Strategy was approved by Cabinet, it was largely CIDA's creation, and its strong "developmentalist" tone was the product of Gerin-Lajoie's activism in the determination of policy directions for Canadian aid (Steeves, 1980, pp. 8-10).

any target date.⁸ The general tone of the 1975 Strategy was one of increasing generosity and commitment to development objectives.

Subsequent events, however, were to turn in a rather different direction. By 1977, CIDA was showing some of the strains of its rapid expansion in earlier years. Criticism of aid mismanagement was widespread in the Canadian media, and these criticisms were reinforced by a detailed critical report of the Auditor General in 1976. Paul Gerin-Lajoie was replaced as president of CIDA by the less messianic career civil-servant Michel Dupuy, whose mandate it was to put CIDA in order by emphasizing sound financial management and controls. At the same time, it seems that Gerin-Lajoie's activism in aggressively representing the interests of the Third World in interdepartmental committees had been frowned upon by other departments desirous of using aid for other ends, and Prime Minister Trudeau made a point of instructing Dupuy to cooperate with other departments (Wyse, p. 28).

The harsh economic climate of the late 1970s also had implications for the aid program, leading to aid cutbacks in 1978-79, and to an increased emphasis on the economic benefits which Canada might derive from her aid. In a paper titled "Directions for the Agency", Dupuy established the principle of 'mutual benefits' as a guideline for CIDA, amplifying that

the recent evolution of the Canadian economy as well as its short and medium term prospects require that CIDA strive to ensure that its activities maintain or generate employment and economic benefits in our own country. We must also aim at strengthening mutually beneficial bilateral relationships between our developing partners and Canada. This goal must be achieved while not neglecting our essential mandate which is international development (cited from Wood, 1982, p. 95).

"By mid-1978" writes Pratt, "the Cabinet had agreed that Canada's primary interests in relations with developing countries were economic and that as far as possible, increased emphasis should be placed on the systematic expansion of Canada's economic relations with a limited number of large and fairly wealthy developing countries" (Pratt, 1984, 46).

One must be careful in interpreting these statements. Canadian trade with some of the faster growing less developed countries increased rapidly during the 1960s and 1970s, and it was to be expected that increased importance should eventually be given to that aspect of Canada's relationship with the Third World. Cabinet's expression of interest in trade with less developed countries as cited by Pratt was thus quite understandable, though it does not necessarily imply a decision to use foreign aid primarily for the purpose of trade promotion. It is our understanding that Dupuy's emphasis on short-term economic benefits was considered by Cabinet to be too extreme, and official rhetoric has subsequently tended to play down the concept of 'mutual benefits'

⁸ According to the North-South Institute, 1979, p. 114, the intention was to reach the .7% target by 1979-80.

in favour of 'mutual interdependence', with greater emphasis on long-term rather than immediate benefits for Canada. These caveats notwithstanding, there is general agreement that the late 1970s witnessed a shift of attention in government thinking away from the strong concern for growth and the increased developmental effectiveness of aid which was evident in the early and mid-1970s towards a more commercially-oriented focus.

In the early 1980s, there were indications that some of the developmental momentum lost in recent years might be regained. In the wake of the Brandt report, Trudeau recovered some of his earlier interest in the Third World, and he emerged briefly as a spokesman for the Third World at the Ottawa summit of 1981 and the Cancun conference in Mexico. Canada continued to express a special commitment towards the poorest countries, and it was instrumental in achieving a consensus among the aid donors to commit .15% of GNP to 37 'Least Developed' countries in 1982 (CIDA Annual Review, 1981-82, p. 4).

It was at this time also that the Trudeau government finally committed itself to a specific date for meeting the .7% aid-to-GNP target established by the United Nations. The target would be met in two stages, reaching .5% by 1985 and .7% by 1990. The first target was a modest one and has since been met, but harsh economic times and government cutbacks have made a shambles of the latter target. It has been revised and postponed on several occasions and the Mulroney government's February 1986 budget all but buried Canada's commitment to the .7% target for the time being. Aid is to remain at .5% until 1990, which means that it will grow at the same pace as GNP. It is now scheduled to increase to .6% of GNP by 1995 and .7% by the year 2000. Despite these cutbacks in projected growth, it should be noted that foreign aid is one of only two budget items - the other being defence - to be growing at all in real terms under the present government's policy of fiscal restraint.

The increased commercial focus of Canadian aid in the late 1970s has remained as a dimension of Canadian aid policy since that time, intensified in the 1980s by the growing pressure of double-digit unemployment.⁹ Government pronouncements reflect this orientation. It is evident for instance in CIDA's Elements of Canada's Official Development Assistance Strategy, 1984, which displays substantially more awareness of commercial issues than did the 1975 Strategy. It is evident also in the government's retreat from the 1975 commitment to partially untie bilateral aid.

Both the Liberal and Conservative governments have stated a preference for continued tying in the 1980s through the pronouncements of Marcel Massé, President of CIDA between 1980 and 1983, and the current President, Margaret Catley-Carson. Catley-Carson has been a vigorous defender of the aid-trade connection. Her original mandate included instructions to "sell" the concept of foreign aid to the Canadian public, and like Massé before her, she considers a commercial return for Canada as an important selling point. That point of view was more than shared by Monique Vezina, Minister for External Relations immediately responsible for CIDA during the first two years of Brian Mulroney's

⁹ On the increasingly commercial orientation of foreign policy generally in the 1980s, see Freeman (1985) and Rudner (1984).

Conservative government (September 1984 to June 1986). Vezina had a substantial impact upon the Agency with her views about increasing the role of private business in Canadian aid. Her concerns were not only to secure commercial benefits for Canada but also, and perhaps predominantly, to enhance the positive role which she believed the private sector could play in the development process (Ottawa Citizen, 1 February 1986). Vezina was assigned to a more senior cabinet post in June 1986, to be replaced by ex-businesswoman Monique Landry who has, so far, expressed herself in much the same terms as Vezina. One of the notable features of recent reorganizations in CIDA was the creation of a new Business Cooperation Branch in 1984 to manage relations with the private sector in aid-related matters.

Other pronouncements reflecting the desire to use aid for commercial purposes have included the announcement of a new "Aid-Trade Fund" in the Liberal government's Budget Speech of February 1984. The intent was to divert up to one-half of proposed increases in Canadian aid to a commercially-responsive facility whose funds would be blended with those of the Export Development Corporation in order to provide concessional financing for Canadian exports. This new concept was later ratified by the new Conservative government, which rechristened it as the "Trade and Development Facility" in the May 1985 budget. It was subsequently abandoned in February 1986, following cutbacks in proposed growth of the aid budget.

To say that commercial objectives have received increased attention is not to suggest that they have become the primary focus of Canadian aid. That is a question better left for later, following detailed review of how the aid program has evolved in practice. However it is worth noting at this point that official statements regarding the objectives of Canadian aid have themselves changed very little over the years, and continue to identify developmental concerns as primary. The statement by Michel Dupuy quoted above stands out by the emphasis given to Canadian commercial interests, but elsewhere, commercial interests receive no more than a passing mention, and allusion to those interests in quite tentative. Here is how the objectives of Canadian aid are presented in the 1986-87 Estimated of expenditures presented to Parliament in February, 1986 (Part III, p. 20):

...to facilitate the efforts of the people of developing countries to achieve self-sustainable economic and social development in accordance with their needs and environment, by cooperating with them in development activities; and to provide humanitarian assistance; thereby contributing to Canada's political and economic interests abroad in promoting social justice, international stability and long-term economic relationships, for the benefit of the global community.

Internationalist concerns thus remain clearly central and primary in Canada's declared objectives for the aid program. The more elaborate statement of objectives to be found in Elements of Canada's Official Development Assistance Strategy, 1984 reflects the same general orientation.

Party politics have played a limited role in the evolution of Canadian aid policy. The Liberal government of Pierre Trudeau held power during most of the period under discussion (1968-1984, with a 9-month interregnum in 1980), and it was very much Trudeau, within the government, who set the tone for Canada's foreign policy. The intensity which which internationalist objectives were pursued under Trudeau was itself dependent on the ebb and flow of the Liberal party's political fortune during that time, and one finds periods of political and economic difficulty (1972-74, 1977-79 and 1982-84) to be associated with a decreased focus on development issues in government statements and speeches (Fleming and Keenleyside, 1983, p. 20).

The Conservatives, who took power briefly in 1980 under Joe Clark and who have governed Canada now since September 1984, have retained the internationalist orientation of Canada's foreign policy. Policy thrusts consistent with that orientation have included continued active support for the United Nations, a strong role in the African drought relief effort, and activism within the Commonwealth in the matter of South African sanctions; and the government declared in December 1986 that it "accepts with enthusiasm the theme of active internationalism" (Canada's International Relations, 1986). Canadian aid policy has probably become more commercially-oriented under the Conservatives than it was under the Liberals, but this is more a matter of emphasis than a major qualitative change.

The other major political party on the Canadian scene is the social democratic NDP (New Democratic Party). The NDP has tended to advocate a more generous aid policy for Canada, including rapid movement towards the .7% target and greater untying of Canadian aid. The NDP's influence on the government is largest when neither of the two major parties holds a majority of seats in Parliament, but majority government has been the rule by far rather than the exception in the 1970s and 1980s. The party's spokesmen have had some influence through the parliamentary committees and task forces which advise the government on foreign policy matters, as have members of the two larger parties.

Conclusion

The purpose of this section has been to review the expressed attitudes of Canadians and the Canadian government on the subject of foreign aid. It is clear that the vast majority of Canadians support the concept of foreign aid, and that they support it mainly as a response to income disparities between North and South. Most Canadians also seem to favour increased aid flows over time, although there is a strong element of incrementalism evident here. Elite group responses, which are of particular importance, tend to be substantially more generous on such matters than the public at large.

In terms of the classification of objectives introduced in section II, support of foreign aid seems to be based very clearly on internationalist objectives. Canadians perceive foreign aid as an international public good and are prepared to support it on that basis. Many Canadians nonetheless feel that Canada should also derive some national benefit from its aid, and tying is strongly supported by the influential business community.

These various perceptions of foreign aid find an unmistakable echo in Canadian government pronouncements regarding the objectives of Canadian aid. Priority for internationalist objectives, incrementalism, and 'mutual benefits' are all clearly evident in the government statements reviewed in this section. How accurately this rhetoric reflects itself in reality is another question. One must not neglect the possibility that the rhetoric is insincere or that special interests such as Canadian business might be capable of usurping foreign aid for their own ends. How, in practice, has Canadian aid gone about resolving the possible contradiction between its stated internationalist goals and more narrow national goals? What is the evidence, again in practice, of a decline in the internationalist thrust of Canadian aid in the last ten years or so? These are the questions to which we turn in the following section.

III. THE AID PROGRAM

Aid policy embodies a number of dimensions, including the amount of aid to be provided, the terms on which it is given, the choice of delivery channels, and the choice of recipient countries or institutions. Further choices have to be made within recipient countries with regard to the types of uses to which the aid will be put; and a donor must also provide for an administrative structure to manage all this. All these dimensions together constitute what is called aid policy, and each of these dimensions will be considered to some degree in the present section.

Volume and Terms

One of the conclusions to come out of the review of public opinion in the previous section is that Canadians have been reasonably well-disposed towards foreign aid and generally prepared to accept moderate increases in aid flows over time. It should therefore not be surprising that Canadian aid has increased over the years. Figure 1 in the Appendix shows that budgetary appropriations of aid as a share of GNP increased most rapidly during Lester Pearson's prime ministership from 1963-68 and through the first two years of the Trudeau government which followed. The ratio of aid to GNP rose from .16% in 1963 to .44% in 1970.¹⁰ Aid appropriations subsequently grew much more slowly, however, and certainly much more slowly than government commitments had indicated they would. At one point, between 1977 and 1980, growth actually gave way to decline, so that appropriations fell by about 5% in absolute terms after discounting for inflation. By 1980, the ratio of ODA to GNP had fallen back to .425%, a level below that attained in 1970. Following renewed growth in

¹⁰ Unless otherwise indicated, all aid statistics in this section are taken or calculated from sources indicated in the notes to Figures 1 to 17. These data are identical to OECD definitions as used in reports of the OECD's Development Assistance Committee, except that they are by fiscal year rather than by calendar year. The fiscal year in Canada runs from April 1 to March 31. In the interests of readability, fiscal year 1970-71 is referred to here simply as 1970, and this shorthand form will be used throughout in the text.

appropriations after 1980, the ratio of ODA to GNP crept back, nonetheless, to a new high of .50 in 1985.¹¹

Canada today is neither particularly generous nor particularly tight-fisted in its aid allocations. Its ODA/GNP ratio is higher than the weighted average for DAC countries as a group (.50 compared to the DAC average of .36 in the 1984 calendar year), and it ranks eighth out of the 17 donor countries on the same criterion (OECD, 1985, p. 295).

The terms of Canadian aid are very soft, and they are consistent in this respect with the declared humanitarian objectives of the program. As Figure 3 shows, there is a trend for Canada's aid increasingly to take the form of grants. We see there that 90% of Canadian aid was given in grant form in 1983, up from a low of 65% in 1971. The rest is offered under conditions so soft that they are essentially grants anyway. The "grant element" of Canadian aid has been above 96% every year since 1970 (OECD, Development Cooperation, various issues). It was announced in 1986 that all Canadian aid will henceforth be given in the form of grants.

Multilateral Flows

The split between multilateral and bilateral aid in the Canadian case is about one third/two thirds (see Table 1 and Figure 4), the share of multilateral aid being larger than that of most OECD donors (OECD, 1985, p. 147). Support for multilateral aid agencies in Canada reflects a longstanding tradition of support for international institutions generally - both in and out of the aid field. This is a logical policy for a middle power like Canada which is too small to have much of an impact on world affairs when acting alone but large enough to have an influence in how international institutions operate. Canada's middle power status is of obvious relevance to an understanding of its contributions to the various multilateral development banks. As Isbister points out, Canada is large enough to ensure that Canadians sit on the board of directors of all the development banks, but it cannot afford to let its contributions slip if it is to maintain that position (1986, p. 15).

The main recipients of Canadian multilateral aid include the World Bank and the various Regional Development Banks, the United Nations Development Program, and the World Food Program (see Table 1). As Figure 4 shows, the share of Canadian ODA being channeled through such agencies has usually ranged between 35% and 40% since 1975, with some decline becoming apparent after 1978. The largest shift in favour of multilateral aid was made between 1970 and 1976, when the multilateral share of Canadian ODA more than doubled, going from 19.8% to 44.0% of the total (see Figure 4). This increase was consistent with the commitment

¹¹ Note that appropriations and disbursements followed somewhat different growth patterns in the 1970s (disbursement data are shown in Figure 2). CIDA enjoyed the special privilege of non-lapsing funding until 1977-78, and ODA disbursement trends tended to be affected by the ability of CIDA to disburse the funds allocated to it. Because of the lag involved, the growth of disbursements substantially outpaced that of appropriations between 1970 and 1975 as disbursements ate into the backlog of accumulated appropriations from the 1960s. Disbursements to GNP reached a peak of .53% in 1975. We have used data on appropriations rather than disbursements since these are probably a better reflection of Cabinet's intentions at each moment.

made to that effect in Foreign Policy for Canadians in 1970. Indeed it exceeded those commitments by quite a wide margin. The reasons for this was partly a logistical one, however, since a shift of aid to multilateral agencies was perceived as a convenient and efficient way to increase disbursements at a time when CIDA was finding it difficult to manage the increased appropriations being allocated to it. With aid levels being cut back, and with the increased concern for 'mutual benefits' in the latter quarter of the 1970s, CIDA found itself under Cabinet pressure to reduce the share of multilateral aid in favour of bilateral aid, and multilateral aid disbursements declined in real terms by 14.0% between 1978 and 1984.

Trends in Canadian multilateral contributions cannot be understood exclusively in terms of domestic considerations, however, since contributions to multilateral agencies are multilaterally negotiated among donors. The key concept in such negotiations is that of 'burden sharing,' the burden being the loss of national benefits accruing to donors when aid is provided through multilateral rather than bilateral channels. Trends in multilateral aid are thus best discussed in an international context. It is surely not pure coincidence that the large increase in multilateral flows observed for Canada in the early 1970s occurred in similar fashion for a wide range of donors. For DAC donors as a group, the share of ODA being distributed through multilateral agencies rose from 16.6% to 30.4% between 1970 and 1976, henceforth to stabilize much as it did in Canada (Stokke, 34; see also OECD, 1985, pp. 140-4). This was to some extent a response to the 1969 recommendation of the Pearson Commission that multilateral aid should be increased to 30% of total ODA, and it may be noted in this regard that the Pearson report had a special impact on Canadian opinion because of former Prime Minister Lester Pearson's role as Chairman of that Commission. The recommendations of the Pearson Commission were given substance in 1970 when DAC members agreed at a high-level meeting in Tokyo that contributions to multilateral institutions should be increased (OECD, 1985, p. 75), and the increase in Canada's own contributions must be understood in that context. This is not to deny Canada's special interest in the multilateral framework. As noted above, Canada does give a larger than average share of its aid through multilateral channels, and while Canada has been influenced by international agreements, it has also played a leadership role in obtaining such agreements.

The largest recipient of Canadian multilateral aid is the World Bank's soft-loan window, the International Development Agency (IDA), which was created in 1960. Contributions to IDA increased rapidly in the 1960s and continued to do so up to 1978, after which there was a rather substantial decline in real terms, (after discounting for inflation) from \$91 million in 1978 to \$56 million in 1984 (all in 1983 dollars). This decline in fact accounts for virtually all the reduction in the real value of Canadian multilateral contributions since 1978, and it must itself be understood in an international context. Like other donors, Canada is committed to the concept of burden-sharing with regard to international financial institutions such as the World Bank and the regional development banks (Canada, 1986-87 Estimates, Part III). Following the 1980 agreement for the sixth IDA replenishment, Canada committed itself to providing an average of just over \$200 million per year to IDA between 1980-81 and 1982-83 (World Bank, Annual Report 1980, pp. 11-13). In nominal terms, this represented roughly a 22% increase over the amount provided

in 1979-80. In real terms, it meant that contributions after discounting for inflation would remain approximately constant.

This commitment was not realized, however, and IDA contributions have fallen steadily in real terms, to the point where they were 31% lower in 1984 than in 1979. These cutbacks in IDA were the result of cutbacks in U.S. contributions combined with the reluctance of other donors to abandon traditional burden-sharing arrangements. Some special arrangements were nonetheless made to rescue IDA from the financial straits in which it soon found itself. The most important of these was negotiated in 1982 and involved special contributions by all donors except the United States. Canada's own share (\$163 million U.S.) was the third largest of these special contributions, accounting for 8.6% of the total, or twice the share it had accepted to bear under IDA-6. Canada was part of a group of countries that insisted that the proceeds of their special contribution not be used for procurement in the U.S. (World Bank, Annual Report 1982, pp. 15-16 and Annual Report 1983, pp. 13-18). Negotiations for IDA-7 in 1983 and 1984 were very difficult in the face of U.S. recalcitrance, and the agreement finally negotiated in 1984 involved further cutbacks in IDA funds (World Bank, Annual Report 1984, pp. 15-22). It was expected that additional special contributions would be made by subgroups of donors. One such agreement, the US\$1.1 billion 'Special Facility for Sub-Saharan Africa', was in fact signed in early 1985, with Canada participating in the amount of US\$75 million.

There are two other main categories of recipients of Canadian multilateral aid. The first is the World Food Program, which has consistently received about 20% of Canada's multilateral contributions since 1966. Those original contributions were motivated in large part by the abundance of wheat stocks at the time (Wyse, p. 13; Williams and Young, p. 337), but considerable importance appears to have been given to the continuity of the relationship since that time. World cereal markets became increasingly tight in the early 1970s, and contributions to the World Food Program declined relative to the peak reached in 1969, but the period was also witness to serious food shortages, and Canada responded to the crisis with a major three-year commitment at the World Food Conference in 1974. As a result, Canadian contributions to the WFP rose from \$15 to \$99 million between 1974 and 1975. Contributions since 1975 have as a result been well above those made in the first half of the 1970s or late 1960s.

The other major category of multilateral recipient is that represented by the various regional development banks. Contributions to the Asian Development Bank began in 1966 and have remained quite significant since that time, accounting for 11.9% of Canadian multilateral assistance between 1980 and 1984. Contributions to the Inter-American Development Bank and the African Development Bank both began in the early 1970s, and they accounted respectively for 4.2% and 6.6% of multilateral assistance between 1980 and 1984. Canada has thus maintained a visible and relatively important presence in each of the major regional development banks.

The Growth of Non-Traditional Channels in the 1970s and 1980s

Most Canadian aid is provided through bilateral channels. These have the advantage of keeping control of the funds in Canadian hands and making the

source of the funds identifiably Canadian within recipient countries. The funds can be tied to Canadian procurement, and they can be used in support of foreign policy objectives in recipient countries. Traditional government-to-government aid remains the most important of the various bilateral channels, accounting for 43.7% of Canadian ODA in 1984, but other, more indirect, bilateral channels are increasingly being used, including Non-Government Organizations (9.3%), the International Development Research Centre (3.8%), Petro-Canada International (2.6%) and the Industrial Cooperation program (1.9%). Figures 4 through 6 illustrate how use of these different channels has evolved over the years. They also show the declining share of government-to-government aid in ODA, due first to the rapid growth of disbursements to multilateral institutions in the early and mid-1970s, and later to the growth of other channels such as NGOs and IDRC. Government-to-government aid thus fell from 76% of the total in 1970 to 56% in 1975 and only 44% in 1984.

The most important of the alternatives to government-to-government aid is the NGO mechanism. Official Canadian aid is channeled to the Third World by way of Non-Government Organizations through CIDA's Special Programs Branch, which provides funds to NGOs on a matching grants basis in accordance with private sector and local contributions raised by the NGO. A the sort of development projects which governments often ignore, or are not equipped to undertake," and they are perceived to do so with "far greater efficiency, flexibility, speed and economy than governments" (Canada, Partners in Tomorrow, p. 10).

Such perceptions of the role of NGOs are widely shared, both in Canada and abroad (OECD, 1981), and it is in large part this perceived effectiveness of the NGO channel which explains its rapid and continued growth over the last decade and a half, as shown in Figure 6. NGOs themselves have, of course, been active in promoting such perceptions of effectiveness, and their lobbying efforts, alluded to in Section II, have tended to focus to a degree on matters having direct financial implications for the NGO sector (Clark, 1985). Systematic research on the effectiveness of NGOs is lacking, although the North-South country studies on Bangladesh, Haiti and Senegal did tend to confirm conventional perceptions. The North-South Institute is presently involved in a two year program of evaluation whose preliminary results appear to be relatively favourable (North-South News, Fall, 1986).

The growth of IDRC can also be understood primarily in terms of perceived needs in the Third World. IDRC's genesis goes back to the last half of the 1960s and was a response to the personal initiative of Maurice Strong after he became Director-General of the External Aid Office in 1966. Following consultation with a large number of international bodies, a Steering Committee reported in 1968 that there was an urgent international need for additional development research, and that Canada was exceptionally well placed to provide it (Plumtre, 1975, p. 155). IDRC was established in 1970 and is autonomously run by an international Board of Governors of which just over half must be Canadian. It is dedicated to supporting scientific and technical research which is not only located in developing countries and designed for their benefit, but also for the most part initiated and carried out by Third World scientists. The funds themselves are untied. This is not to suggest that IDRC remains totally outside the influence of its funding body, the Canadian government. Manuge (1982) describes some of the lapses in autonomy which have manifested

themselves since 1977. The Centre's independence nonetheless remains very high and its development mandate quite unambiguous. IDRC's share of Canadian ODA has tended to increase over time, with some slowdown in growth taking place after 1976 (see Figure 6).

The other channels mentioned above were Petro-Canada International and the Industrial Cooperation program. These channels became significant only in the 1980s and remain fairly small. These two channels reflect a greater commercial orientation than the previous two.

This is most evident for the Industrial Cooperation program, which is designed to provide support for private sector initiatives involving Canadian firms in investment, joint ventures or transfers of technology in Third World markets. The program has existed since 1971 but has recently been given increased importance. Funding for the program was increased by two thirds in 1984. The growth of this program explicitly reflects a desire to use aid for commercial purposes (Canada, Canadian Business and the Third World, p. 5), but it also reflects a shift in development ideology among donor agencies favouring greater support for the private sector as an agent of growth in the context of the economic crisis still afflicting much of the Third World (OECD, 1985, p. 64). This ideological focus is quite evident in the World Bank's Development in Sub-Saharan Africa: an Agenda for Action and in USAID initiatives undertaken under President Reagan.

The Petro-Canada International Assistance Corporation (PCIAC) is an independently managed subsidiary of Petro-Canada, a Canadian crown corporation, charged with financing and managing aid projects in the oil and gas sector. Aid funds provided through PCIAC are not rigidly tied to Canadian procurement, but PCIAC is nonetheless instructed to make use predominantly of Canadian goods and services. Aid projects funded through Petro-Canada International serve to showcase Canadian oil and gas technology, with possible commercial spin-offs in the long run (PCIAC, Annual Report, 1984). At the same time, PCIAC's main goal is the developmental one of helping to increase oil and gas production in oil-importing Third World countries in order thereby to reduce their dependency on energy imports. It was created in 1982 when world oil prices were at historical peak levels and when energy problems in the Third World were most acute. It was introduced as the international component of Canada's National Energy Program, subsequent to the failure of the Canadian-supported initiative to establish an Energy Affiliate to the World Bank.

Geographical Distribution of Bilateral Flows

One of the most revealing dimensions of a country's aid policy is the geographical distribution of disbursements, because one would predict quite different patterns depending on whether aid is given primarily for developmental, commercial or political purposes.

The country selection process for Canadian bilateral aid differs according to each of the different aid channels being used, as do the criteria for allocating disbursements among countries. Special Programs Branch does not, for instance, have a geographical approach, since it is primarily responsive to the initiatives of the NGO community. IDRC also allocates its aid according to

non-geographical criteria, and the Centre itself is administered according to areas of research specialization (primarily Agriculture, Health, and Social Sciences). Some effort is made nonetheless to retain a regional balance, and IDRC has regional offices in Bogota, Cairo, Dakar, Nairobi, New Delhi, and Singapore. Petro-Canada International and the Industrial Cooperation Program are similarly guided more by their specific mandates than by any particular geographical focus.

Government-to-Government aid, on the other hand, is organized into four regional areas of concentration: Francophone Africa, Anglophone Africa, Asia, and the Americas. Each of these regional branches is organized around a number of country desks, of which there are now 30. Most desks are responsible for one or two of the 31 recipient countries assigned 'core' status by the Agency, along with some of the lower recipient-status countries classified as 'non-core' or 'visible presence' countries. Countries not belonging to these three categories of recipients are classified either as not eligible (Cuba, Laos, Vietnam, Afghanistan, Kampuchea, Iran and Libya) or as non-recipients (a larger group of about 30 higher income LDCs and dependencies located mostly in the Middle East and Europe). Cabinet has decided that core countries should receive 75% of Canadian bilateral funds, leaving 20% for non-core countries and 5% for the visible presence countries.

Assignment of countries to each category is the prerogative of Cabinet, as is the assignment of 'Indicative Planning Figures' intended to serve as country-specific budgets over a five-year planning period. A large number of eligibility criteria are considered, including the level of development of the recipient country, its "commitment to development," its human rights record, and its absorptive capacity, along with various political and commercial considerations of special interest to Canada (Canada, "Briefing Book for Parliamentarians," p. 46). Some indication of the relative priority of each criterion has been provided by the use of a point system in which "need" has been allocated 5 points out of 10; "commitment to development and human rights" 3 points; and diplomatic, cultural and commercial relations with Canada the remaining 2 points (Task Force on Canada's ODA Program, 1986, p. 46).

Continuity in aid relationships with recipients is also an important criterion, though it is less often mentioned explicitly. One finds very few cases of sudden shifts in policy towards a recipient country. The few examples which come to mind include Uganda under Amin, Cuba after Cuban troops were sent to Angola, India after the explosion of a nuclear device in 1974, and Guatemala following widespread human rights abuses in the 1980s.

Cabinet decided as far back as 1975 that 80% of Canadian bilateral assistance should go to low-income countries (now defined as countries with per capita incomes of less than U.S. \$625 in 1978). A subtarget of .15% of GNP to the Least Developed group of countries (LLDCs) was added to this in 1982 following an international commitment to that effect (Canada, Elements, p. 10).

Table 2 in the Appendix identifies the major countries which have received Canadian bilateral aid for each five year period since 1960. Total bilateral flows are shown here under the title "C-C," representing the words "Country-to-

Country". Separate figures are also provided for government-to-government flows for the years 1980-84.

It becomes evident from the long list of countries that Canadian bilateral aid is highly dispersed. A total of 125 countries or groups of countries received Canadian government-to-government assistance between 1980 and 1984. Most of these recipients received fairly small amounts of aid, but this left 36 beneficiaries in receipt of \$20 million or more over the five year period.¹² The relatively high degree of dispersion which this represents is contrary to the objective of greater resource concentration established in the 1975 Strategy, and it undoubtedly involves some loss of developmental effectiveness for the Canadian aid program.

Dispersal of government-to-government aid does have political advantages to offer however. Different groups of Canadians all have countries which they particularly would like to support and others which they would particularly like to avoid. Spreading aid relatively thinly over a large number of countries allows the government to satisfy as large a constituency as possible without unduly antagonizing any one group. In classic Canadian tradition, there is something there for everyone. A dispersed pattern of aid distribution also allows Canada to maintain an aid presence in as many countries as possible, thus avoiding unhappiness among potential recipient countries who might otherwise have to be turned down.

Figures 7 through 17 and Tables 3 to 5 illustrate the distribution of Canadian aid by different groups of countries and the different trends evident since the early years of Canadian assistance to developing countries.

Figures 7 to 10 detail how Canadian bilateral aid has been distributed to various income groups of countries. Countries are grouped here in such a way that the composition of each group remains constant over time, according to each country's per capita income in 1970 (a year for which GNP statistical series were particularly complete). India's per capita income was exactly \$100 U.S. in that year, while the weighted average income for all LDCs was \$223 U.S. Figures 7 to 9 show data on the share of Canadian aid accruing to what may be labeled the lower income group of countries: India, Bangladesh, Pakistan, and other countries with per capita incomes below \$200 U.S. (Bangladesh and Pakistan are shown together in order to maintain a constant time series in spite of the breakup of Pakistan into two countries in 1971). Taking 1980 as a fairly typical year for the recent period, we find that 71% of Canadian aid

¹² Government-to-government disbursements were made as follows: 75% to the top 22 recipients, 20% to the next 30, 4% to the next 20, and the last 1% to a large group of 53 recipients. Ten of the categories consisted of groups of countries, so that an exact count of the number of countries assisted is not possible. For a comparison of the geographical dispersion of aid as between different donor countries, see OECD, 1985, Table 12.

went to these low-income countries. The figure rises to 88% if one includes those near-average countries in the \$200-\$300 dollar range.¹³

Using the definition of low-income countries used by CIDA (less than \$625 U.S. per capita in 1978), we find an average 83% of government-to-government aid being directed to low income countries between 1981 and 1985. The objective of targeting 80% of bilateral aid to this group of countries is thus evidently being met.¹⁴ Bilateral aid to LLDCs in 1980 stood at 35% of the total, or .13% of GNP once an appropriate share of multilateral assistance is added in, and Canada is thus still falling somewhat short of the .15% target established for this group of countries.

Table 3 shows the amount of Canadian bilateral aid received per capita for different income groups of countries. With the notable exception of India, Canadian aid per capita tends to be substantially higher for low income countries than for higher income countries. Aid per capita in 1980 was highest for Bangladesh and Pakistan (\$.86 and \$.50 respectively) and for countries in the range of \$50-100 per capita (\$.43). It tended to be much lower for the higher income LDCs (\$.21 for the \$300-600 group). However it was only \$.05 for India, the second largest of the low income countries (after China).

Looking at how the distribution of Canadian aid has evolved over the last twenty years, it is the steady deterioration in India's share which stands out most starkly. Canadian aid to India on a per capita basis in 1983 was less than half what it was in 1970. In constant dollar terms, it was only one eighth as high. Figures 8 to 10 show that the decline in India's share of Canadian aid was matched by an increase in the share of every other recipient group. Most of the redistribution away from India was accomplished in favour of countries which were as poor or poorer than India. Taking 1968 as a base, and comparing with 1983, one finds India's declining share being redistributed 26% in favour of Bangladesh and Pakistan and 33 percent in favour of countries in the \$50-100 range, for a total of 59%. This is reflected in the growing share of aid going to Least Developed Countries (LLDCs) which is evident in Figure 11. Another 9.4% went to countries in the \$100-200 range, while the remaining 32% went to countries which were quite a bit better off than India on the criterion of income per capita.

Figure 12 illustrates the effect of these trends on the average income of countries receiving Canadian aid relative to the average income of all developing countries. This ratio increased from a low of .57 on average between 1951 and 1959 to a peak of .85 in 1970, in response to the diversification of Canadian aid away from South Asia. The average income of

¹³ This \$300 U.S. cut off point correspond very closely to the definition of a low income country used by CIDA. Adjusting for the growth of per capita incomes in the Third World and for inflation of the U.S. dollar (using the U.S. GDP index), the 1978 figure of \$625 U.S. being used by CIDA corresponds to a figure of approximately \$295 U.S. in 1970.

¹⁴ Data obtained from CIDA. We were unable to obtain data on total bilateral flows (as opposed to the government-to-government portion only, but there is no reason to expect that the results would differ very much as between these two data series.

recipients declined again after 1970, reaching an average of .72 between 1980 and 1983.

In geographical terms, we see aid shifting away from India, mainly towards Africa but also towards Latin America and other Asian countries. These trends are shown in Figure 7 to 8 and 13 to 15. In recent years about 45% of Canadian aid has been directed to Africa, this amount divided in about equal proportion between francophone and anglophone countries. Latin America and the Caribbean have taken up about 12%, and the rest has gone to Asian countries, notably Bangladesh and Pakistan which together have absorbed about 20% of the total.

Why the steady decline in India's share of Canadian foreign aid? Some diversification away from India after the early years of concentration on that country was to be expected, but this does not explain the absolute decline in aid to that country, nor the fact that aid per capita is lower in India than in any other country group. No doubt there are a number of explanatory factors, and these are difficult to disentangle. The tendency for aid per capita to be low for large recipient countries such as India, Indonesia and the Philippines is a well known phenomenon in the donor community as a whole and does not apply only to Canada (see Dudley and Monmarquette, pp. 62-63 for references; see Burki, p. 140 for 1980 OECD data). Yet there is no pervasive bias in Canadian aid policy against large countries. Witness the large amounts of Canadian aid per capita being received by Pakistan and Bangladesh.¹⁵

Notwithstanding the fact that India's exceptionally large size places it in a category of its own - along with China - there are a variety of other factors which help to explain the low and declining amount of aid it has received from Canada. These include the strongly self-reliant approach to development adopted by India, and its own policy after 1966 of reducing its dependence on Western foreign assistance (Morrison, p. 24). As India became securely established as a nation-state after the mid-1960s attention shifted to helping consolidate the newly independent nations of Africa and the Caribbean; and India's growing ability to feed itself following the Green Revolution has also been a factor, shifting food aid away from India towards Africa and Bangladesh in the 1970s and 1980s.

An important event in the history of Canadian aid to India was the explosion of a nuclear device by that country in 1974. Canada had assisted in the development of India's nuclear energy program and India's use of its nuclear capabilities for the development of a nuclear bomb was perceived in Canada as a serious breach of agreement between the two countries. Canada's response was to immediately curtail the aid program to India. Ongoing projects were allowed to continue, but a halt was placed on new interventions. This led to a strong decline in disbursements to India between 1975 and 1978 as shown in Figure 7.

¹⁵ The econometric results shown in Dudley and Monmarquette (pp. 78-90) and in Bencivenga (annex tables) confirm the lack of any strong relationship between aid receipts and the population of the recipient countries. Dudley and Monmarquette's results suggest that large countries are more likely to be eligible for Canadian bilateral aid but do tend to receive somewhat less aid on a per capita basis once the selection of recipient countries has been made. However, neither result was statistically significant at the .05 level for the average year between 1972 and 1974.

Remaining constraints on the aid program were finally removed in 1979, but disbursement levels to India have never fully recovered.

Canadian aid is concentrated not only on poorer developing countries, but also and perhaps especially on those whose growth rates are low. The shares of aid going to low and high growth rate recipients are shown in Figures 16 and 17, and the per capita aid figures are shown in Table 4. One gets much the same type of picture as before, with per capita aid figures being substantially higher in low growth countries and with the share of all groups increasing over time except for India's. The share going to high growth countries has increased the least over time, and since 1978 the tendency has been for the share of medium and high growth countries to decline relative to the share of low growth countries.

The trends and patterns reviewed above apply to overall bilateral flows, and some differences do appear for each of the different aid channels which this encompasses (see Table 5). Yet these are not the differences which one would expect. Contrary to expectations if one perceives government-to-government aid as a tool of export policy, one finds this channel even more heavily concentrated on low income and low growth countries than the other channels, substantially more so even than the NGO channel. As for Petro-Canada International, its distinguishing feature is its very high concentration on low growth countries, a finding not inconsistent with its mission to assist countries severely affected by dependence on imported oil. Its largest recipients to date have been the hard-pressed countries of Ghana and Senegal. The Industrial Cooperation program is, as one would expect, relatively more concentrated on higher income and higher growth countries. So, interestingly, is IDRC, but this is not surprising when one considers that IDRC provides funds mainly for research by Third World scientists. The absorptive capacity of the poorest countries for such research funds is of course relatively limited.

The tendency for the bulk of Canadian aid to be concentrated on poorer, slower growing countries suggests that countries are not selected primarily with commercial objectives in mind. Statistical analyses confirm this impression. Multivariate econometric studies which have been done on the distribution of Canadian aid have found no significant relationship between Canadian aid and the extent of commercial transactions between Canada and potential recipients, a result which contrasts with that obtained for most other donor countries where a positive relationship is observed (Dudley and Monmarquette, pp. 88-91; similar results in Bencivenga, annex tables).

Statistical analysis does suggest that political objectives are important, however. Dudley and Monmarquette found that recipient-country membership in either the commonwealth or the francophone communities were the two most important explanatory factors in their regressions in terms both of eligibility for aid and amounts received. An Bencivenga found some correlation between Canadian aid flows and the political legitimacy of the government in the

recipient country, as measured by the non-exclusion of opposition parties from domestic politics.¹⁶

East-West tensions also come into play, and it is noteworthy in this regard that most countries in the 'non-eligible' category are those aligned with the communist bloc. Canada is not rigidly ideological in its selection of recipient countries, however. Left-leaning countries such as Mozambique, Ethiopia and Nicaragua are important recipients, as were Michael Manley's Jamaica and Joey Bishop's Grenada in earlier years. Cuba was a recipient for a few years in the mid-1970s, and bilateral aid to China was a modest but not insignificant \$13.5 million in 1984-85. Prime Minister Trudeau emphasized the relatively non-ideological foreign aid stance of the Canadian government at the 1983 Commonwealth meeting in St. Lucia, declaring that:

In our view, states have the right to follow whatever ideological path they choose ... if they keep their social and humanitarian obligations to their people in the forefront of their actions, they will have Canada's help (cited in Davies, 1986).

The distribution of Canadian aid can of course be political without being nationally self-serving, insofar as it is used to encourage not only economic but also political development in the Third World. Under this category, one finds that Canadian aid has been used to provide a special measure of assistance to newly independent countries in the early years of nationhood: India, Pakistan and Sri Lanka in the early 1950s, Commonwealth Africa and the Caribbean in the 1960s, Bangladesh in the 1970s, and the somewhat different cases of Zimbabwe and Nicaragua in the 1980s. Bencivenga's finding that Canada has tended to support relatively democratic regimes would likewise be applauded; and it is now a part of official government policy to consider the human rights record of a government in determining the nature of Canadian assistance (CIDA, Elements, p. 11). Meanwhile, Canada has also provided support for projects facilitating regional integration in the Caribbean and Africa (Paragg, McBride), including strong support, in recent years, for SADCC, the Southern African Development Coordination Conference (IDAFSA, May, 1985).

The distribution of aid is also influenced by various factors such as a common historical heritage, cultural values, linguistic factors and institutional links which tie some countries relatively more closely to Canada than others, in brief what was referred to in section II as sense of community. The concentration of Canadian aid in Commonwealth and francophone countries can no doubt be explained largely in these terms.

One way to test for the importance of such considerations is to use the pattern of NGO assistance to different countries as a proxy for community type links with Canada and to test the explanatory value of this variable against government-to-government flows. Controlling for other possible influences such

¹⁶ Bencivenga's results for this variable are significant at the 95% level in one of her four regressions and significant at the 90% level in another. However, her results are surely weakened substantially by the fact that she runs separate regressions on loans and grants, rather than simply summing the two.

as a recipient country's national income per capita, its growth rate and its absolute population, we found non-governmental flows to be statistically significant at the 99% level of confidence and to be by far the best predictor of government-to-government flows between 1980 and 1983. The results obtained were found to differ substantially for large and for small countries, however. For 44 countries with populations of less than five million, the NGO variable was the only significant explanatory variable, and its addition to the model had the effect of almost tripling the model's explanatory value, raising the R^2 (the share of variance which is explained) from .181 to fully .502.17 For the 58 larger countries in our sample, the NGO variable had a much smaller effect, raising the R^2 only from .182 to .266. In this case it was found that the per capita income of the recipient country was also statistically significant ($t = -2.25$) and approximately as important in explanatory power as the NGO presence. If we are correct in treating NGO aid flows as a proxy mainly for institutional, cultural and linguistic links, then it would seem that such links are quite important indeed for small countries. They are evidently less important for large countries, displaced from consideration by other variables such as the country's level of per capita income or broader political issues.

Uses of Government-to-Government Aid

Turning now to the ways that Canadian aid has been used within recipient countries, we will restrict our discussion to the government-to-government channel. Two general characteristics stand out: the relatively non-interventionist approach which CIDA takes with regard to recipient country request for aid, and the important effect of aid tying on project selection and design.

CIDA's approach to government-to-government aid involves a variable degree of responsiveness to the priorities of the recipient country government. It is at its most flexible when contributions take the form of 'program' aid given in support of a country's balance of payments. Usually, this involves the provision of Canadian products for sale on local markets. Local currency income from the sale of these products is then used as a source of revenue for development projects. Canadian products are usually delivered to the recipient in the form of food aid or commodity aid, but lines of credit for Canadian equipment are also used. The amount of program aid being supplied has increased substantially in recent years, rising to over 40% of bilateral aid in 1984-85 from 22 to 24% between 1978 and 1980 (Task Force on Canada's ODA program, 1986, p. 53). This increase may be seen as a response to the growing need for this type of assistance under the conditions of economic crisis prevailing in the 1980s; but with program aid being much easier to administer than project aid,

17 One of the peculiarities of both government-to-government and NGO aid flows in the Canadian case is the exceptionally high amount given per capita to the Commonwealth Caribbean countries. It is to a large extent this relationship that the regression results for small countries reflects. Insofar as this is the case, we may conclude that NGO flows are indeed a fairly good proxy for community-type links between countries, since Canada does have a tradition of close contact with the Commonwealth Caribbean. Experiments with the use of a dummy for Commonwealth Caribbean countries did yield highly significant results, but the NGO variable continued to perform very strongly. The effect of the NGO proxy on government-to-government aid flows thus does not appear to be restricted to the Commonwealth Caribbean countries.

it also serves as a partial solution to the difficulties of aid-management under conditions of ever-worsening staff shortages brought upon by staff cutbacks throughout the federal government.

The largest recipients of program aid are in South Asia - particularly Bangladesh and India, where most Canadian aid takes this form. Funds generated from the sale of Canadian products in the recipient country are deposited directly into government coffers or into a 'counterpart fund' from which they can be withdrawn for use in projects under conditions agreed upon between the recipient government and CIDA. Such funds are administered by the recipient country, although CIDA in some African cases maintains substantial control over the uses made of the funds. Use of the funds in other cases has been left essentially to the discretion of the recipient country government (Charlton, 1986).

CIDA has become more concerned with the surrounding 'policy environment' in countries which receive program aid, and it has become somewhat more active in encouraging policy reform. Operating in collaboration with other donors, its approach of "positive conditionality" has been to provide extra support for countries undertaking reforms, cases in point being Ghana, Tanzania, Kenya and Zambia (Proceedings of the Senate Committee on Foreign Affairs, May 6, 1986, p. 11:27; and Charlton, 1986).

Most government-to-government aid is provided for specific projects, however. Canada's approach to such project aid is a 'responsive' one in which aid projects are selected either at the initiative of, or in close consultation with, the government of the recipient country. CIDA will indicate a preference for certain sectors of activity, and it may initiate projects, in consultation with the recipient or with other donors. In other cases, project ideas may be reformulated in directions fairly distinct from the relatively vague proposals originally presented by the recipient. CIDA is a more active participant in this relationship today than it was, but under normal circumstances the emphasis remains on the need for a strongly collaborative relationship. CIDA has adopted explicit sectoral priorities in the 1980s (agriculture, energy, and human resources), but these are interpreted quite broadly, with agriculture including forestry and fisheries, for instance, while participation in other sectors is not precluded.

CIDA's relatively 'responsive' approach to project selection can be understood in political terms.¹⁸ It reflects a respect for the sovereignty of recipient countries upon which Canada prides itself as a non-colonial power. As Nossal points out, representatives of the state in a donor country are in any case likely to be particularly well-disposed to recognizing the legitimacy of their counterparts in other states (Nossal, 1984). A responsive approach also has much to commend it on practical grounds, since projects are most likely to succeed if they are enthusiastically supported by the recipient government as well as by the donor. Finally, there is a foreign policy dimension to the

¹⁸ For a different view, see Wyse, who criticizes the extent to which Canadian aid is interventionist and who explains this in terms of "bureaucratic considerations" (1983, pp.67-68).

approach, since it is undoubtedly a good way for a middling power like Canada to retain in favour of the recipient country's political elite.

A question that arises is whether Canada's political objectives on this issue do not at times conflict with its development objectives. The issue is a complex one, but is certainly conceivable that a responsive approach to the priorities of a country's political elite might lead to suboptimal projects from the point of view of politically weak segments of that same society, in particular the poor and the marginalized. CIDA is not entirely blind to such possibilities, of course, and the notion of responsiveness is a relative on which is selectively applied. How often conflicts of diplomatic and developmental priorities actually occur, however, is an empirical question on which no systematic study has even been done. One study of Canadian aid to Senegal identified some important cases in which political considerations had in fact overridden developmental ones (Lavergne, forth.), but political considerations have been more important in Senegal than elsewhere for Canada, and it would be dangerous to generalize from the results of this one study.

The second major determinant of how government-to-government aid is used within recipient countries is the tying of such aid to Canadian procurement of goods and services. Canadian government-to-government aid continues to be approximately 80% tied, a high level of tying by international standards. CIDA has tried to reduce the cost tying by focussing systematically on commodities or sectors where Canada is relatively competitive. As a major grain exporter, Canada is one of the largest suppliers of food aid.¹⁹ It also tends to be heavily involved in such sectors as railways and electricity (see Table 6), and Canadian aid in sectors such as agriculture or education tends, likewise, to involve goods and services which can be supplied with the least cost disadvantage. Examples would include the supply of phosphate fertilizers to Bangladesh, the development of highly mechanized wheat farms in Tanzania, and the establishment of an engineering school in Senegal (Ehrhardt; Young; and Lavergne, forth.)

Such choices reduce the immediate cost of aid tying, but they also bias the selection and design of aid projects, and the choices which result may or may not be optimal from a development perspective. Tying warrants against types of involvement which tend to use predominantly domestic resources, and some of the best projects unfortunately fall into this category. These are projects based on intermediate technology, and they are often projects in such sectors as primary health and education whose direct benefits accrue mainly to the poorer segments of society in the recipient country. Tying also influences the design of projects by favouring Canadian inputs over those which could be obtained locally or abroad. Such designs tend to be less than optimal in terms of cost-effectiveness and impose high maintenance costs of various kinds on the recipient country. The import-bias of project designs further serves to reinforce the dependence of recipient countries on imported technology.

¹⁹ Food aid constituted 18.6% of total Canadian ODA between 1975 and 1984. This aid was provided both as government-to-government aid (22% of all such flows) and as multilateral aid (22% of all such flows as well).

The secular decline of government-to-government aid as a share of ODA has had the effect of reducing the overall level of tying in Canadian aid, since flows through other channels are more likely to be untied. Our calculations indicate that the tied share of Canadian ODA dropped from 71.5% of the total in 1970 to a low of 48.7% in 1978. From there, it rose again to 52.4% in 1984 as a result of the decline in multilateral assistance identified earlier.²⁰ OECD data show overall Canadian ODA to have been more heavily tied than any other donor country except Austria in 1982/1983 (OECD, 1984, Table I.3).

The policy of tying so much of Canadian aid responds to Canadian commercial interests, and commercial aims have been increasingly catered to in recent years by a greater emphasis on parallel financing involving CIDA and Canada's Export Development Corporation (EDC). Although much of the mixed credit provided by Canada since 1981 has been financed exclusively with EDC funds which are not counted as ODA, use has also been made of CIDA funds for this purpose. In three years, between 1981 and 1983, about \$150 million in government-to-government funds were used in parallel financing projects with the EDC. This amounted to only about 3% of Canadian ODA but fully 7% of government-to-government aid flows. Although the use of such parallel financing was foreseen in the 1975 Strategy it does not appear to have been initiated until 1978 or to have attained appreciable proportions until 1981.²¹ Aid funds used in this way are tied to Canadian procurement in a manner that actually involves double or triple tying, in the sense that each aid dollar is tied to the procurement of several dollars worth of Canadian goods and services, as part of the overall financial package.

Management Policy

What can one say, finally, about Canada's aid management policy? This is not a topic to which one can do justice in the space of two or three pages, but it may be useful to at least identify some of the questions and hypotheses which should be addressed. Aid management will of course differ for each aid channel, and we will restrict the discussion essentially to the government-to-government channel. The key question is whether the management of government-to-government aid is such as to give primacy to the development objective, or whether development finds itself being displaced on a day-to-day basis by political and commercial objectives or even by bureaucratic interests and other private objectives.

The answer resides to a large extent in the degree of independence which CIDA enjoys. That independence is quite high but not unlimited. CIDA is a separate government department whose president is a civil servant equivalent in status

²⁰ In these calculations, we have considered the following proportions of various aid flows to be tied: 100% of all food aid, 0% of non-food multilateral aid, 80% of non-food government-to-government assistance, 80% of Petro-Canada International (even though these funds are not formally tied), 0% of International Emergency Relief, 80% of Institutional Cooperation (classified under NGO in the text), 0% of other NGO, 0% of IDRC, 100% of Industrial Cooperation and 100% of "other".

²¹ See data in Dept. of Finance, "Export Financing", p. 17 and CIDA's Elements of Canada's Overseas Development Assistance Strategy 1984, p. 44.

to a deputy minister, and it is responsible for most aspects of Canadian aid, the exceptions being contributions to the World Bank (which devolve to the Department of Finance), and flows through independently-managed institutions such as IDRC and PCIAC.²² CIDA responsibility for the rest of the aid program is as a rule not shared with other departments.

Political intervention in the implementation of the aid program usually involves the minister responsible for the Agency, or, at a step removed, the Prime Minister himself. This may involve specific instructions to pursue a project of interest to the minister, or at least instructions to seriously consider it. Reasons for ministerial intervention usually involve foreign policy considerations, such as the need to follow up on promises made in high level meetings between the Prime Minister and the President of the recipient country, or international agreements to collaborate on a particular task, but projects may also be encouraged for commercial reasons, a case in point being the large PANAFTEL telecommunications project in West Africa.²³ The Minister also intervenes in the allocation of contracts, and Monique Vezina (Minister under the Conservatives until June 1986) was particularly interventionist in this regard in an effort to ensure a better regional representation of firms doing business with CIDA (Ottawa, Citizen, Feb. 3, 1986). Ministerial approval is required for all contracts above \$100,000.

CIDA's independence is limited in other ways simply by virtue of the fact that CIDA is part of the Canadian civil service. It is not CIDA, but Treasury Board, which decides on the proportion of the aid budget which is to be allocated for administration; and it is Treasury Board which determines personnel allocations in the field. Staffing is coordinated through the Public Service commission, and domestic procurement takes place through Supplies and Services. Arrangements such as these are adopted in the interests of efficiency and control, and need not be discussed here, though it must be said that they sometimes created as many problems as they solve for an agency like CIDA where flexibility in management is especially desirable. Nor are efficiency and control always the only objectives being pursued. Politics and bureaucratic interests undoubtedly intrude and help to explain some of the management problems which affect the Agency.²⁴ One thinks for example of

²² IDRC reports directly to Parliament, while government responsibility for PCIAC devolves to the Minister of Energy, Mines and Resources. No mention has been made in this paper of the International Centre for Ocean Development (ICOD), which was newly created in February 1985 and does not therefore show up in the aid statistics. Also independently-managed, ICOD reports directly to Parliament.

²³ Examples of all these forms of intervention may be found in our own study of Canadian aid to Senegal (Lavergne, forth.)

²⁴ We will not discuss here the possible role of bureaucratic politics in determining the internal management style of the Agency itself, mainly because we consider the topic too complex to be adequately treated here, but also because it seems out of place to consider the results of bureaucratic politics as part of government policy. Bureaucratic politics will always be present, irrespective of government policy, and while this does not make the phenomenon any less interesting or important, it does suggest that it should be treated as a separate research topic. Those who are interested may refer to Peter Wyse's monogram on the topic (1983, especially pp. 58-69). Wyse's thesis is that bureaucratic considerations are of primary

decisions regarding the limited allocation of personnel in the field. Virtually all observers of Canadian aid have criticized the shortage of field staff, and the problem is a long-standing one whose non-resolution insiders attribute in large part to bureaucratic infighting between External Affairs and CIDA concerning the relative presence of the two departments in the recipient country.

Bureaucratic considerations aside, a closer look at CIDA's day-to-day operations can help to clarify the 'true' policy objectives being pursued. This is not an area that has been systematically researched in quite those terms, but it may be worthwhile to draw on background research done by the North-South Institute in its evaluation project on Canadian aid,²⁵ to offer a few tentative generalizations about how Canada's aid objectives are perceived within the Agency. The view which I share with my former colleagues from the North-South Institute is that CIDA staff perceive their own role in terms quite consistent with the official terms of reference reviewed in section II of this paper, which is to say that the development objective is definitely primary in their minds. They recent interference in the program by other departments, and they themselves seem as a rule to pay little attention to the long-term commercial implications of the aid program. Their response to aid tying is to seek out areas of intervention where Canadian goods and services are most competitive within the context of the recipient country's development needs, and most of them seem to believe that tying does little to impede the developmental effectiveness of Canadian aid.

CIDA documents such as project proposals and country program reviews reflect much the same sort of preoccupation, though it must be noted here that these documents do, systematically, address commercial and political dimensions as well as development needs. This tells us little or nothing about the priority being accorded to each of these dimensions, however, as it reflects a bureaucratic requirement for comprehensiveness in the preparation of documents. Proposals will indeed often attempt to embellish the commercial gains of a project or program in an attempt better to 'sell' the initiative to higher authorities! The impression one gains is that someone considers these points important, including perhaps those writing the document, but they do not as a rule constitute the primary thrust of the proposal.

²⁵ The North-South Institute project was a three year study resulting in the publication of four case studies on Canadian aid to Bangladesh, Haiti, Senegal and Tanzania (Bhrhardt, 1983; English, 1984; Lavergne, forth.; and Young, 1983). The issue of role perception was not addressed systematically in these studies, however, and the conclusions presented here reflect my general impressions and those of my colleagues as based upon our interview work and document research within the Agency.

IV. DETERMINANTS OF CANADIAN AID POLICY

What, then, of the 'determinants' of Canadian aid policy? What can we say, in particular, about the true objectives of the aid program as described above? Consider first the commercial dimension.

One may ask what the aid program would resemble if it were, as some have suggested, designed primarily to satisfy commercial objectives. This is not a difficult question to answer since a Canadian program of that sort does in fact exist in the guise of the Export Development Corporation (EDC). An aid program which was primarily commercial in focus would behave essentially like the EDC, except that it would concentrate its attention on Third World countries. It would provide mostly loans; and any grants or soft loans which were provided would be 'mixed' with loans at commercial rates in order to maximize the sales impact of the aid. That aid would be directed exclusively through commercially-oriented channels and it would probably be directed mainly to the dynamic markets of higher income and higher growth LDCs. The Agency would maintain close links with the export community, and it would be responsive mainly to initiatives identified by that community, with special attention to possibilities for long-term market penetration.

It should be more than obvious from the previous section that the Canadian aid program is nothing of the sort. Canadian aid is provided on the softest of terms, and mixed credits account even in recent years for only 3% of Canadian ODA. Less than half of Canadian aid is provided through channels capable of generating very much at all in the way of commercial benefits for Canada: 43.7% through the government-to-government channel, 2.6% through Petro-Canada International and 1.9% through the Industrial Cooperation program in 1984. And it goes predominantly to the poorest and slowest growing Third World countries. The Agency is as a rule responsive not to Canadian business initiatives but to requests received from recipient countries and it operates quite independently on a day-to-day basis from the Department of International Trade. It should be obvious that the primary motivation of Canadian aid policy is not a commercial one.

Commercial interests do intrude upon the aid program, however. The main instrument for this is aid tying, and over half of Canadian ODA remains tied even today. Support for Canadian commercial interests is also provided through the Industrial Cooperation program, through the use of mixed credit arrangements and through occasional political intervention in support of favoured projects or in contract allocations. CIDA documents make it clear that commercial considerations are a criterion in the choice of recipient countries, although that influence is not, as we have seen, statistically apparent. One can nonetheless identify several recipient countries whose choice has probably been influenced to some extent by commercial considerations. At the risk of error in the absence of detailed case studies, one could probably include here Algeria, Indonesia, Ivory Coast, Zaire, Cameroon and perhaps a number of others whose needs are for large infrastructure projects of interest to Canadian business.

Procurement tying is by far the principal instrument of export promotion associated with the aid program, and it is this policy above all which has

influenced academic thinking about the nature of Canadian aid. As the North-South Institute points out,

Critics of aid programmes point to tying probably more than to any other factor as an example of the self-interestedness of "donors", and for many it has become a cause of deep cynicism about aid in general (North-South Institute, 1977, p. 125).

Tying is indeed difficult to understand in rational terms. As many observers have pointed out, it provides little real benefit to the Canadian economy, while imposing substantial costs on the ability of Canadian aid to deliver cost-effective development assistance (Economic Council of Canada, 1978; Lavergne, forth.; North-South Institute, 1977, p. 126; Treasury Board, 1976; Triantis; and Wyse, p. 1-12). Unable to understand aid tying in terms of the stated objectives of the aid program, critics have thus tended to question the integrity of those objectives themselves.

But governments are not necessarily rational, and government do not necessarily believe the critics on such matters as aid tying. Canadian politicians are subjected to a barrage of conflicting and biased sources of information on such matters, and they are quite capable, like individuals, of believing what they want to believe. Canadian politicians are naturally predisposed to believe that more than one objective can be satisfied at once - hence the concept of 'mutual' benefits and never that of 'conflicting' benefits. Such an approach is also the easiest one to maintain politically, and there is substantial advantage in pretending that everyone's objectives for the aid program can be satisfied simultaneously. One of the remarkable facts about tying in Canada is that very little effort has been made by the government to assess its costs. Those costs are conveniently ignored, and the issue is rarely addressed even in project documents within the Agency.

Tying can also be understood as the aid program's sop to influential business interests and to others, in and out of the government, who would otherwise not support the aid program. The role of tying in this regard is to achieve a greater degree of consensus on the aid program as a whole. Other ways of achieving such consensus could no doubt be found, but they would require more leadership on the issue than the government has been willing to provide in recent years.

An important question is whether the Canadian aid program has in fact become more commercially oriented over time. There is evidence that it has, but any statement in this regard must be a qualified one. Policymakers have become more actively conscious of commercial objectives, and they have sought out new ways of effectively satisfying these objectives in recent years by the use of mixed credits and the Industrial Cooperation program; but the trends in other respects are more ambiguous. Aid to multilateral agencies has declined as a share of ODA relative to the peak which was reached in 1976, but it remains much higher than in the 1960s and early 1970s, and it would be higher yet if the IDA replenishment negotiations had been more successful. At the same time, increasing recourse has also been made to such development institutions as the NGOs and IDRC, and the share of ODA being allocated through more 'commercial'

channels such as government-to-government aid, Petro-Canada International and Industrial Cooperation actually declined slightly from 55.8% to 48.2% between 1975 and 1984. Turning to the allocation of aid among countries, one does find that the share going to higher income LDCs has increased, but this is a long-term trend associated with the reduction of aid to India, and the trend does not seem to have accelerated in recent years. At the same time, the share of aid going to the poorest developing countries has also tended to increase, as has the share going to low growth countries other than India.

The suggestion that Canadian aid has become increasingly commercialized must be interpreted in relative terms. It is certainly more commercialized today than one would have believed after reading the 1975 Strategy which promised that government-to-government aid was to be partially untied and which paid almost no attention to Canadian commercial interests. On the other hand, commercial objectives do not in practice appear to be all that much more 'primary' than before in the making of Canadian aid policy. There appears to be a feeling that any new efforts in a commercial direction should not be achieved at the expense of what Canada is already doing in the way of development. The abandonment of the Trade and Development facility in response to cutbacks in the growth targets for aid was a clear manifestation of this policy approach.

The political dimension of Canadian aid is more difficult to assess than the commercial one. Canadian aid is without doubt an arm of Canadian foreign policy, and this is hardly surprising in view of the fact that for many recipient countries the aid link is by far the most important aspect of their relationship with Canada. But aid can be political without being self-interested, an even self-interest may be interpreted in terms of fostering "harmonious and fruitful relationships between nations" (CIDA, Strategy, p. 17). In neither case need a political orientation be inconsistent with a generous and humanitarian aid policy.

Canadian political interests have of course influenced Canadian aid policy in some respects. They help to explain in the neat division of aid between francophone and anglophone Africa and the extraordinary dispersal of Canadian aid to 125 different recipient countries between 1980 and 1984. They also help to explain the 'responsive' approach to project selection and design. And they help to explain the territorial conflicts between CIDA and External Affairs with regard to representation in the field. Yet Canada does not use its aid in a heavy-handed way as 'leverage' to obtain favours from recipient countries, and most observers suggest that there are few political gains to be gotten from foreign aid anyway, particularly for small donors (Bird, 1981; Lyon and Tareq, p. xxxix; Wyse, pp. 19-22). The limited importance of self-serving foreign policy objectives in Canadian aid is suggested also by the decreasing use which is being made of government-to-government aid as opposed to other channels and by the concentration of aid on low income and low growth recipients who are unlikely to have much to offer Canada in terms of any qui pro quo arrangements. Such countries may at best be able to offer their votes in the United Nations on issues which are of importance to Canada, but any donor trading for UN votes would do best to concentrate its aid among a large number of small countries. Statistical analyses have not been able to uncover any significant Canadian bias in favour of small countries.

These observations, combined with those made earlier about the limited commercial orientation of the aid program, suggest that Canadian aid objectives are, as the rhetoric suggests, primarily developmental and humanitarian in orientation.

The willingness of Canadians to contribute as a nation to the alleviation of world poverty is not so difficult to understand. In a world where the role of the state in redressing income inequalities has assumed axiomatic legitimacy - barely dented even by Thatcherism and Reaganomics - it requires little imagination to extend the same concept beyond the borders of the nation-state. Willingness to do so is limited by two factors: the reduced sense of community which exists between people of distant places, and the weakness of institutional mechanisms for ensuring that all members of the world community share equally the burden of redistribution. With modern telecommunication and air transport continuing to make the world a smaller place, the sense of community which exists between Canadians and the poor of the Third World has no doubt increased in recent decades and can be expected to continue increasing in the future.

Too much can be made of the importance of Canadian humanitarian sentiment regarding the Third World. The amount contributed by Canadians to the Third World on a voluntary basis is niggling when computed on a per capita basis: US\$5.30 per Canadian in 1983²⁶! The amount redistributed through the government is more substantial, amounting to US\$57.41 per capita, but it is little by comparison to the amount redistributed internally to support the poor in Canada. The latter was in the order of US\$1,622 per capita in 1983.²⁷ Such discrepancies can be explained in large part by the public good nature of income redistribution,²⁸ and the availability or non-availability of appropriate institutions to supply such a good. Income redistribution at the national level is a national public good (to some extent even a municipal or provincial one)²⁹ for which collective action can be mobilized through existing government institutions. The benefits of foreign aid are mostly international in scope, however, and at this level there are no institutions comparable in power and authority to domestic governments.

²⁶ This compares to a weighted average of \$3.41 for the DAC group of countries (Sewell et al. p. 206).

²⁷ This includes all transfers to persons in the consolidated government sector. Canada, Dept. of Finance, Economic Review 1984, Table 6.15 and Reference Tables 1 and 74.

²⁸ Such a statement needs to be qualified. The notion of income redistribution as a public good implies that it is a voluntary gesture on the part of the rich, which is never quite true. It is mostly true at the international level; but at the domestic level, the poor do have the vote and it is reasonable to assume that the amount of redistribution which takes place domestically extends beyond what the redistributors would impose upon themselves if the decision was wholly their own.

²⁹ As Sandler et al. (p. 25) and Pauly (1973) point out, income redistribution as a public good is characterized by "spacial non-availability," in the sense that its benefits to the donor decline as a function of social and geographic 'distance.'

The public good dimension of world poverty reduction explain why Canadian behaviour in the aid field is not normally determined independently but rather through negotiation with other donor countries. Such negotiations and the resulting international agreements are, after all, the only available mechanism for securing international cooperation in such matters. As a middle power, Canada has a particular interest in seeking and supporting international solutions to world problems. It is too small to have much impact on such problems when acting alone, yet large enough to have an impact when speaking or acting in support of international measures.

Canada has in fact tended to take internationally-set targets seriously, though certainly not as seriously as many would like. Although paying lip service to UN targets as a long-run objective, the government did not establish a timetable for meeting the .7% target until the early 1980s. Since then, the timetable has been repeatedly reneged upon, and the ODA/GNP ratio has not risen at anything like the promised rate. Some limited progress has been made in the direction of the UN target, however, and it can be argued that Canada's ODA would have grown more slowly if at all as a function of GNP in the absence of this target. By committing itself to meeting the UN target, the Canadian government has been better placed to resist pressure to cut back on the growth of foreign aid in times of sluggish economic growth and acute budget deficits.

Canadian aid to multilateral agencies has also been influenced by commitments made in collaboration with other donors. The discussion of IDA-6 and IDA-7 in Section III showed that Canada, along with other donor countries, has given substantial importance to traditional burden-sharing arrangements in the area of multilateral finance, to the point where this was allowed substantially to erode Canadian contributions to IDA in the 1980s.

A third area of international agreement which may be mentioned is that concerning aid to the least developed countries (LLDCs). This category was established by the United Nations in 1971 in a resolution asking that special measures be taken to assist these countries, and the matter was studied by the DAC in 1972. The increased attention thus being brought to LLDCs seems to have had a strong impact on Canadian aid to this group of countries, which shot up dramatically in 1971 and continued to increase through the 1970s. Over 30% of Canada's bilateral aid now goes to this group of countries (see Figure 11).

One dimension of international negotiations which appears not to have had much effect on Canadian practices relates to the tying of bilateral aid. The possibility of donors untying aid on a reciprocal multilateral basis was the subject of difficult negotiations in the DAC in the early and mid-1970s, but Canada was among the most hard-line of countries resisting untying agreements (North-South Institute, 1977, p. 126). Canada has not applied a 1974 Memorandum of Understanding by the majority of DAC members to untie bilateral development loans in favour of procurement in developing countries. As noted in section III, only Austria performs worse than Canada on the percentage of its aid which remains tied. The reasons behind Canada's tying policy have already been discussed. That Canada should be more reluctant to untie than other donors is possibly explained by the particular weakness of Canadian manufacturing in Third World markets. Canadian officials are particularly touchy on the subject of aid tying. The feeling seems to be that Canada is

justified to use aid as a form of subsidy for infant manufactured-export industries, and that Canada cannot, as an underdog, afford to let aid contracts fall to its competitors.

Overall, however, the concept of foreign aid as an international public good seems to have substantial explanatory power, both for understanding the limited nature of Canada's contribution to reducing world poverty, and for appreciating the importance of international efforts to coordinate donor country policies. It is evident that Canadian aid policy has in fact been influenced by these efforts.

TABLE 1: CANADIAN AID BY CHANNEL, 1984-85

CHANNEL	AMOUNT \$million	PERCENT Excl.Admin.
GOVERNMENT TO GOVERNMENT	875.3	43.7
-Anglophone Africa	195.1	
-Francophone africa	195.8	
-Americas	127.9	
-Asia	337.0	
-Miscellaneous	19.5	
MULTILATERAL ASSISTANCE	690.8	34.5
-General UN Programs	72.3	
-World Food Program	149.9	
-World Bank	207.7	
-Asia Dev. Bank	92.0	
-African Dev. Bank	46.2	
-Inter-American Dev. Bank	23.5	
-Commonwealth and Francophone	17.4	
-Intern. Humanitarian Ass.	13.6	
-Other	68.2	
NON-GOVERNMENTAL ORGANIZATIONS	186.6	9.3
-Canadian NGOs	168.6	
-International NGOs	18.0	
INT. DEV. RESEARCH CENTRE	76.3	3.8
HUMANITARIAN ASSISTANCE*	75.2	3.8
PETRO-CANADA INTERNATIONAL	51.5	2.6
INDUSTRIAL COOPERATION	38.5	1.9
OTHER	7.5	.4
ADMINISTRATION	99.3	n.a.
TOTAL	2100.6	100.0

*Excludes International Humanitarian Assistance which is included here under Multilateral Assistance.

Source: CIDA, Annual Report 1984-85, Table B.

TABLE 2: TOP 40 RECIPIENTS OF COUNTRY-TO-COUNTRY FLOWS
 RANKED ACCORDING TO ALLOCABLE COUNTRY-TO-COUNTRY FLOWS, 1980-84.
 (thousands of dollars and percent)

	COUNTRY OR REGION	C-C 1960-69	C-C 1970-74	C-C 1975-79	C-C 1980-84	1980-84 %	1980-84 CUM %	1980-84 GOV-GOV ONLY	AS % OF C-C	1980-84 %	1980-84 CUM %
1	BANGLADESH	0	187751	289271	475583	11.0	11.0	460620	96.9	13.4	13.4
2	PAKISTAN	189953	169658	319699	303889	7.0	18.0	263391	86.7	7.7	21.0
3	INDIA	466879	451901	322629	280339	6.5	24.5	231268	82.5	6.7	27.8
4	SRI LANKA	33026	36004	91050	203405	4.7	29.3	195778	96.3	5.7	33.5
5	TANZANIA	11914	71660	100688	181193	4.2	33.4	156134	86.2	4.5	38.0
6	KENYA	7851	18825	47318	174589	4.0	37.5	153458	87.9	4.5	42.5
7	INDONESIA	6996	64391	99785	143477	3.3	40.8	130941	91.3	3.8	46.3
8	SENEGAL	4847	26475	41082	104264	2.4	43.2	77096	73.9	2.2	48.5
9	GHANA	22583	49460	81015	101861	2.4	45.6	62165	61.0	1.8	50.3
10	CAMEROON	6496	22671	63336	101768	2.4	47.9	91315	89.7	2.7	53.0
11	EGYPT	0	131	45268	101036	2.3	50.3	92248	91.3	2.7	55.6
12	ETHIOPIA	142	9239	8449	100560	2.3	52.6	53319	53.0	1.5	57.2
13	JAMAICA	8917	17891	38497	89497	2.1	54.7	76256	85.2	2.2	59.4
14	ZAIRE	3482	12812	29323	88503	2.0	56.7	81669	92.3	2.4	61.8
15	ZAMBIA	2395	11431	60635	77952	1.8	58.5	74594	95.7	2.2	63.9
16	SAHEL	0	0	44659	75201	1.7	60.3	74326	98.8	2.2	66.1
17	THAILAND	5516	2867	11483	70572	1.6	61.9	36115	51.2	1.0	67.2
18	SUDAN	27	568	5895	70314	1.6	63.5	50288	71.5	1.5	68.6
19	MALI	464	11364	30577	61417	1.4	65.0	54620	88.9	1.6	70.2
20	ZIMBABWE	682	444	360	54801	1.3	66.2	40159	73.3	1.2	71.4
21	RWANDA	4432	9931	32679	54703	1.3	67.5	52484	95.9	1.5	72.9
22	HAITI	164	3007	37258	54508	1.3	68.8	34258	62.8	1.0	73.9
23	PERU	484	3935	25611	51614	1.2	70.0	32985	63.9	1.0	74.9
24	BURKINA FASO	87	8318	29813	50086	1.2	71.1	42182	84.2	1.2	76.1
25	CARIBBEAN REG	15501	2615	10026	48160	1.1	72.2	14517	30.1	.4	76.5
26	TUNISIA	14051	49787	72058	47836	1.1	73.3	43623	91.2	1.3	77.8
27	NIGER	2897	43661	39710	47011	1.1	74.4	44440	94.5	1.3	79.1
28	HONDURAS	64	3926	20851	42622	1.0	75.4	31830	74.7	.9	80.0
29	NEPAL	59	3342	15849	42190	1.0	76.4	35638	84.5	1.0	81.0
30	MALAWI	1305	11314	69534	41648	1.0	77.4	38976	93.6	1.1	82.2
31	IVORY COAST	2613	19660	50821	39122	.9	78.3	32875	84.0	1.0	83.1
32	ALGERIA	8665	27511	22354	37696	.9	79.1	36817	97.7	1.1	84.2
33	COLOMBIA	564	19501	29424	36105	.8	80.0	19513	54.0	.6	84.7
34	MOZAMBIQUE	0	25	8661	34707	.8	80.8	29627	85.4	.9	85.6
35	NICARAGUA	0	2734	3495	33619	.8	81.6	19199	57.1	.6	86.2
36	TURKEY	1582	19398	223	31929	.7	82.3	30921	96.8	.9	87.1
37	BOLIVIA	135	2211	6070	31162	.7	83.0	19914	63.9	.6	87.6
38	MOROCCO	2688	24019	19124	30220	.7	83.7	26470	87.6	.8	88.4
39	CHINA	0	6	0	28352	.7	84.4	12488	44.0	.4	88.8
40	ASIA REGIONAL	3146	6058	16143	28293	.7	85.0	9988	35.3	.3	89.1
	OTHER	124121	338309	530998	646695	15.0	100.0	376237	58.2	10.9	100.0
	TOTAL	954728	1764811	2770921	4316699	100	0	3440646	81.8	100	0

Source: CIDA, "ODA System", computerized data base, and Annual Report, 1984.
 Excludes country-to-country aid not allocable by country.

TABLE 3: AID PER CAPITA FOR GROUPS OF COUNTRIES BY INCOME
(dollars)

INCOME GROUP	1960	1970	1980	1983
BANGLADESH	0.000	0.000	.861	1.202
OTHER \$50-100	.007	.061	.426	.505
INDIA	.051	.188	.048	.070
OTHER \$100-200	.013	.104	.402	.443
PAKISTAN	.306	.778	.500	.818
OTHER \$200-300	.001	.169	.500	.635
\$300-600	.003	.130	.211	.391
\$600+	.000	.068	.072	.247

Source: Calculated using data from CIDA, "ODA System", computerized data base, and sources identified in notes to Figures 7-10.

TABLE 4: AID PER CAPITA FOR GROUPS OF COUNTRIES BY GROWTH RATE
(dollars)

GROWTH GROUP	1960	1970	1980	1981	1983
GR.<0	.001	.209	.649	.866	1.167
INDIA	.051	.188	.048	.061	.070
GR.0-2%	.054	.197	.249	.316	.374
GR.0-2% LESS INDIA	.058	.212	.582	.736	.874
GR.2-4%	.011	.115	.270	.262	.308
GR.4-6%	.007	.082	.321	.336	.256
GR.6-10%	.000	.032	.062	.082	.101
WEIGHTED AVERAGE	.031	.152	.275	.326	.378

Source: Calculated from CIDA, "ODA System", computerized data base, and sources indicated in notes to Figures 16 and 17.

TABLE 5: COUNTRY-TO-COUNTRY DISBURSEMENTS BY CHANNEL AND BY COUNTRY GROUP CLASSIFIED BY PER CAPITA INCOME IN 1970 AND GROWTH RATE, 1970-81. DISBURSEMENT SHARES, 1983

PER CAPITA INCOME	ALL C-C	NGO	IDRC	IND. COOP.	INT. EMERG. RELIEF	PETRO CANADA INT.	GOV-GOV
50-100	.348	.243	.145	.077	.181	.133	.404
INDIA (100)	.059	.076	.048	.039	.000	.000	.063
100-200	.246	.255	.250	.269	.531	.128	.241
200-300	.163	.215	.148	.301	.137	.573	.126
300-600	.132	.168	.229	.177	.073	.000	.130
600+	.052	.044	.179	.137	.077	.166	.035
GROWTH RATE							
<0	.216	.216	.123	.125	.151	.622	.199
0-2	.458	.469	.361	.205	.726	.134	.480
INDIA(2%)	.059	.076	.048	-.30	.000	.000	.063
2-4	.162	.117	.239	.300	.041	.238	.161
4-6	.087	.095	.160	.297	.048	.006	.083
6-10	.018	.028	.069	.035	.034	.000	.014

Source: Calculated from sources indicated in notes to Figures 7-10 and 12.

TABLE 6: SECTORAL COMPOSITION OF GOVERNMENT-TO-GOVERNMENT FLOWS
(percent of allocable commitments)

	1973-79 average (government-to- government only)	1983 (all non-multi- lateral)
Planning & public admin.	3.1	1.5
Public utilities	48.6*	18.0
Agriculture & rural dev.	14.0**	22.5**
Industry, mining, const.	4.1	11.3
Commercial services	1.2	.5
Education	10.5	12.8
Health	2.2	2.5
Social infras. & welfare	2.5	3.7
Multisectoral	2.3	7.0
Unspecified	<u>11.5</u>	<u>20.1</u>
TOTAL	100.0	100.0

(*) Distributed as follows between 1973 and 1977: power production and distribution (20.6%), water supply (19.9%), communications (12.5%) and transport (45.5%). Such data were not available for other years in the sources consulted.

(**) Includes lines of credit for fertilizer.

Sources: North-South Institute, "Background Report", p. 37; and OECD, Development Cooperation, 1980, Table B.5, and 1984, Table II.E.3. Data reporting by CIDA to the OECD has not been consistent over the years, and it is thus not possible to establish trends over time. One notes in particular that the share of bilateral ODA defined as "allocable" varies from 49.8% in 1975 (Development Cooperation, 1976, Table 22) to 83.0% in 1983 (Development Cooperation, 1984, Table II.E.3). CIDA informs us that data for the 1970s represent strictly government-to-government flows while data for the 1980s include commitments for other bilateral aid channels (or disbursements when commitments data were unavailable).

MAJOR INDICATORS OF CANADIAN AID

FIGURE 1

ODA APPROPRIATIONS AS % OF GNP

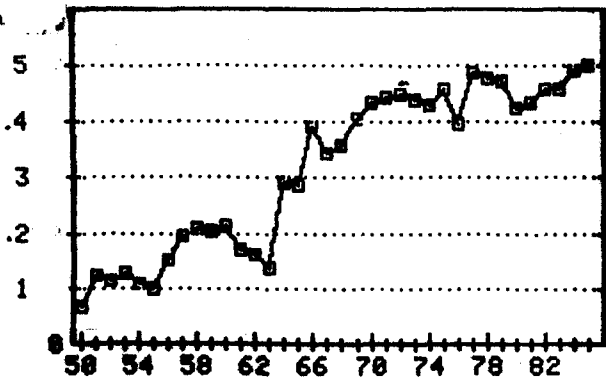


FIGURE 3

GRANTS AND CAPITAL SUBSCRIPTIONS AS % OF ODA

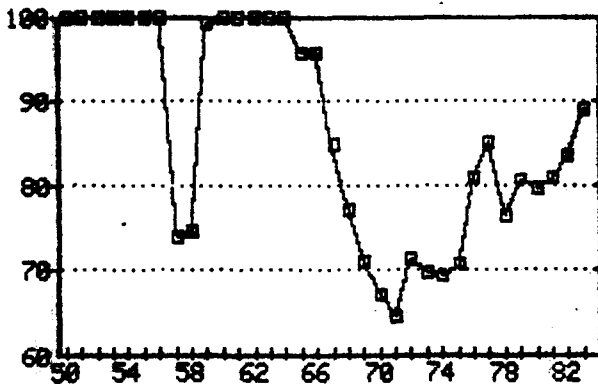


FIGURE 5

GOVERNMENT-TO-GOVERNMENT AID AS % OF BILATERAL

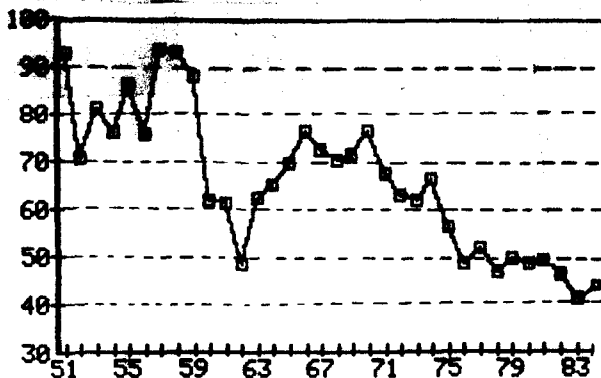


FIGURE 2

ODA DISBURSEMENTS AS % OF GNP

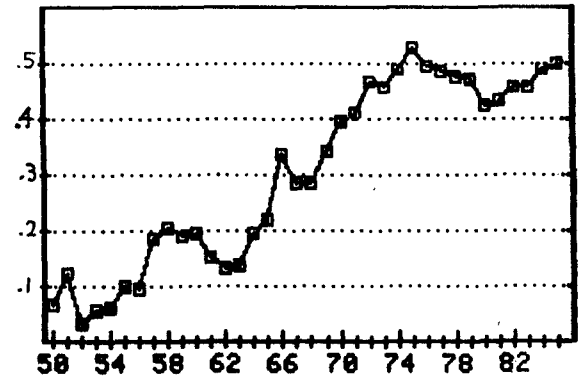


FIGURE 4

MULTILATERAL DISBURSEMENTS AS % OF ODA

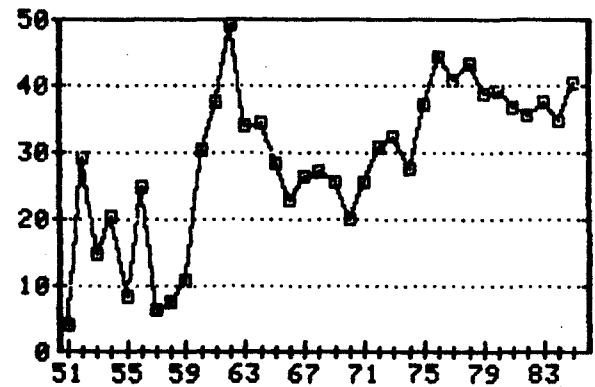
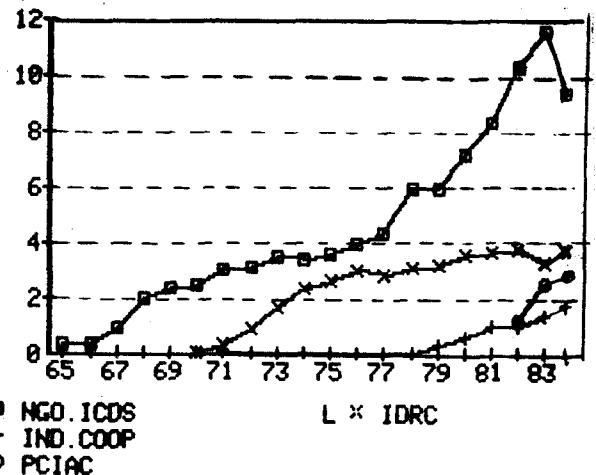


FIGURE 6

OTHER BILATERAL AID AS % OF BILATERAL



Notes concerning Figures are provided as endnotes to the figures and tables shown here.

DISTRIBUTION BY INCOME OF COUNTRY OR COUNTRY GROUP

FIGURE 7

AID TO INDIA,
% OF BILATERAL

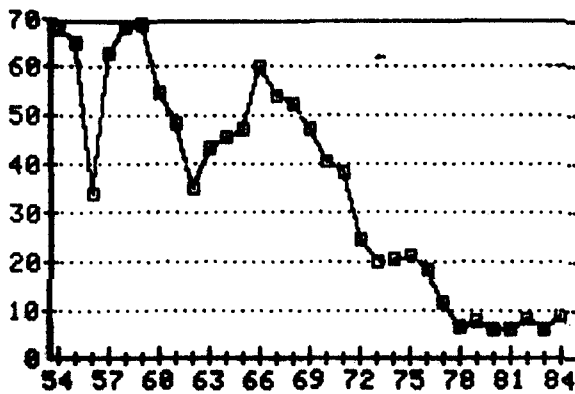


FIGURE 8

AID TO BANGLADESH AND PAKISTAN,
% OF BILATERAL

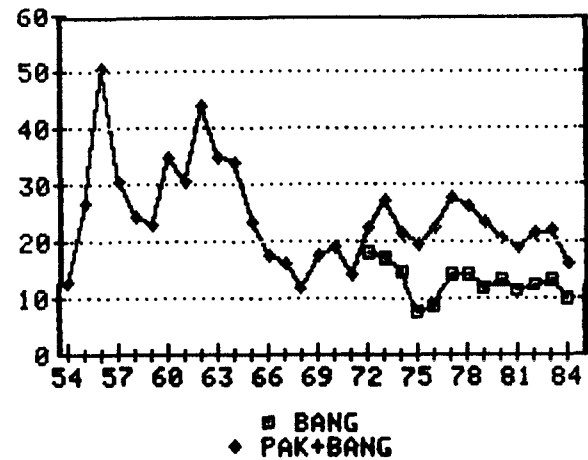


FIGURE 9

AID TO OTHER LOW INC. COUNTRIES,
% OF BILATERAL

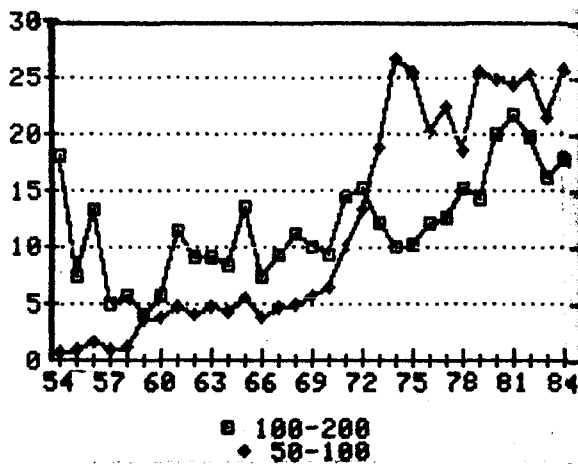


FIGURE 10

AID TO MEDIUM & HIGHER INC. COUNTRIES,
% OF BILATERAL

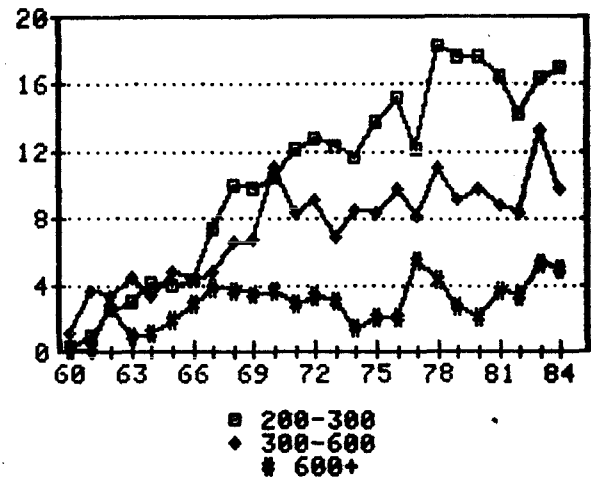


FIGURE 11

AID TO LEAST DEVELOPED COUNTRIES,
% OF BILATERAL

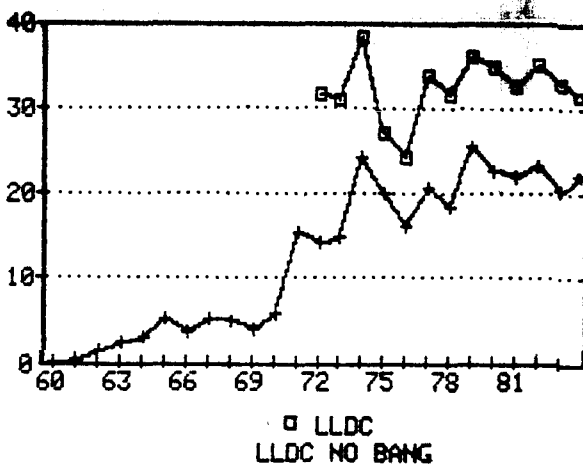
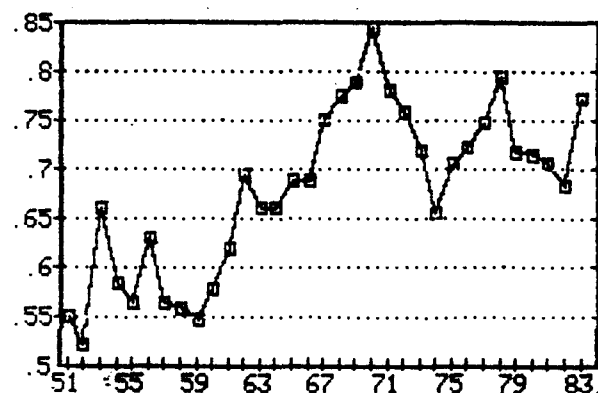


FIGURE 12

INCOME OF RECIPIENTS RELATIVE
TO ALL LDCs



Notes concerning Figures are provided as endnotes to the figures and tables shown here.

DISTRIBUTION BY GEOGRAPHICAL REGION AND BY GROWTH RATE
(See also Figures 7 and 8)

FIGURE 13

AID TO OTHER ASIA, % OF BILATERAL

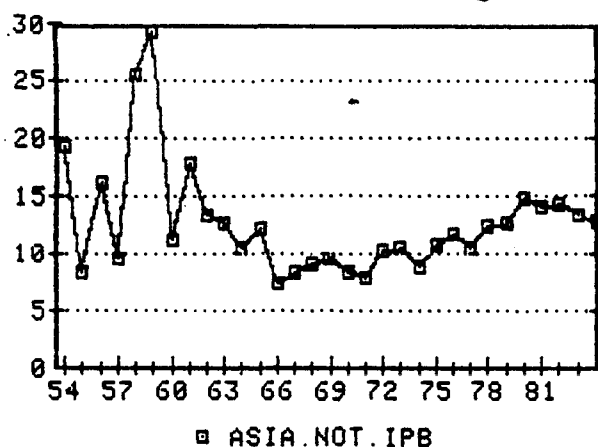


FIGURE 14

AID TO CARIBBEAN AND ANG. AFRICA, %

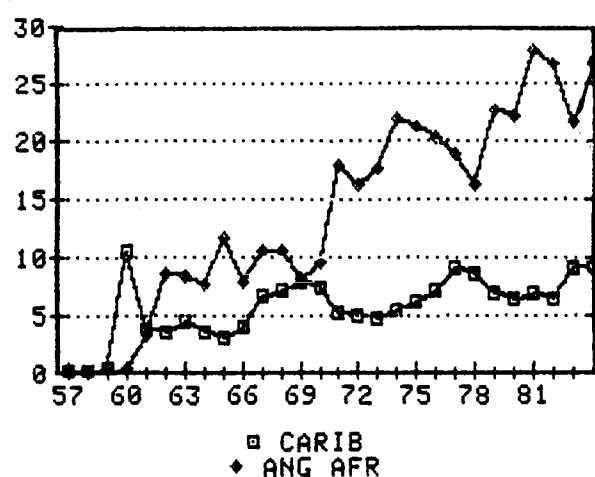


FIGURE 15

AID TO FR. AF., LATIN AM. AND EUROPE

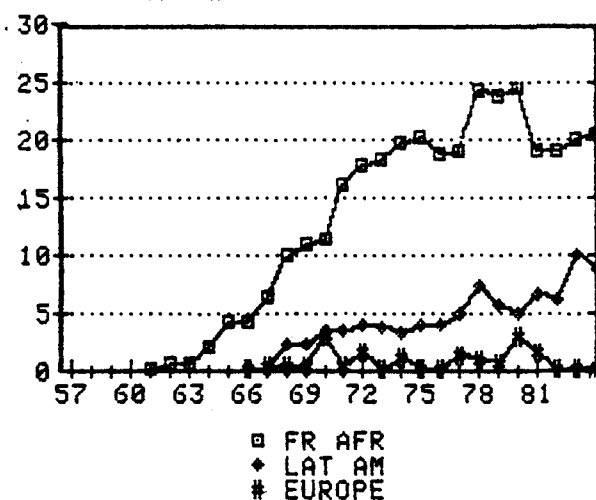


FIGURE 16

AID TO LOW GROWTH COUNTRIES

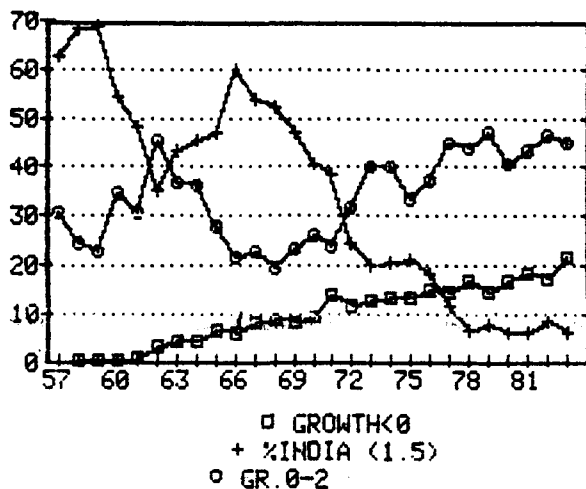
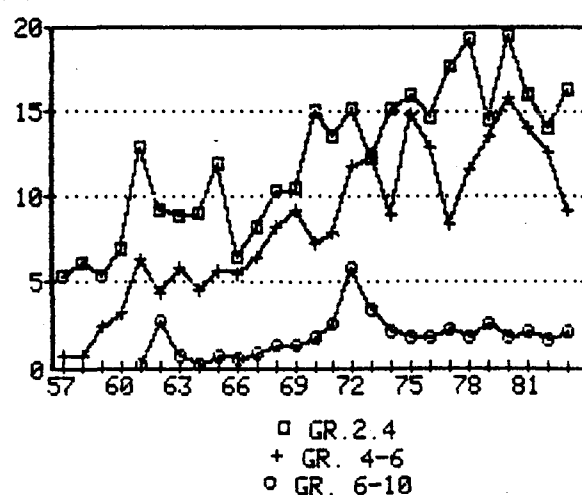


FIGURE 17

AID TO MEDIUM & HIGH GROWTH COUNTRIES



Notes concerning Figures are provided as endnotes to the figures and tables shown here.

NOTES TO FIGURES 1-17

Unless otherwise indicated, data in figures 1-17 has been calculated from data in CIDA's computerized data base "ODA System", otherwise referred to as "Historical ODA Disbursement Data". Data for 1984 were drawn directly from Canada, CIDA, Annual Report 1984-85. All data are by fiscal year (e.g. data indicated as 1983 is really for April 1, 1983 to March 31, 1984), but are otherwise the same as data published by the OECD.

Figures 1 and 2: Data on aid allocations were drawn from several sources. Canada, External Aid Office, Annual Review, 1966-67 (data for 1951-66); North-South Institute, 1977, p. 115 (crude figures for 1967-69); Canada, CIDA, Canada and Development Cooperation, 1975-76, p. 121 and 1977-789, p. 31 (data for 1970-77); CIDA, "ODA System" (ODA disbursement data for 1978-83, since allocations and disbursements are identical after 1978). GNP data are from Canada, Dept. of Finance, Economic Review, April 1984, p. 134. ODA/GNP ratios were obtained for 1984 and 1985 respectively in Canada, CIDA, Annual Report, 1984-85, and Canada, 1986-87 Estimates (Part I).

Figure 2: Data are for net flows of ODA and derive from CIDA "ODA System" for 1950-1983. Data sources for GNP and for ODA/GNP ratios in 1984 and 1985 are indicated above in the note for Figure 1.

Figure 3: Includes capital subscriptions as grants on the grounds that these yield no financial returns and are unlikely ever to be recalled.

Figure 4: Data are for net flows of ODA. Points shown for 1984-85 and 1985-86 are projections and estimates drawn from Canada, 1985-86 Estimates, Part I, p. 23, and are best viewed as declarations of intent than as firm predictions.

Figure 5: All ratios indicated in Figures 5 and 6 exclude administration costs from bilateral assistance after 1979. Prior to 1979, administration costs were included in each category.

Figure 6: This figure shows non-governmental organizations and institutions (added together here for simplification under the title "NGO.ICDS"), the International Development Research Centre (IDRC), the Industrial Cooperation program (IND. COOP) and Petro-Canada International. Two other categories of bilateral aid were omitted from Figure 6 in order to simplify the presentation. The first of these is an 'other' category which amounts to only 5% once administration costs are removed (see note for Figure 5). The second is International Emergency Relief, shown as "Humanitarian Assistance" in Table 1. This type of aid has shown no pronounced trend to increase or decrease over time. Amounts provided in this category have fluctuated substantially from year to year but have rarely exceeded 5% of bilateral aid. The weighted average between 1949 and 1983 was 1.75%. This rose to 3.8% in 1984. Note that the decline in the NGO share shown for 1984 is more apparent than real, since it reflects a redirection of NGO funds to relief efforts in Africa. These funds thus reappear under International Emergency Relief.

Figures 7 to 10: These figures provide data on bilateral flows (C to C) to recipient countries grouped into categories according to their per capita GDP

in U.S. dollar in 1970 as per the UN Statistical Yearbook of National Accounts Statistics, 1980 edition, Vol. II, "International Tables," Table 1A. Neither high income Arab oil producers nor South Africa were considered par of the Third World in these groupings. Per capita income data for 1970 were used because they were more complete than data for other years. The weighted average income of the Third World being \$223 U.S. in 1970, we have defined as low income all countries with a per capita income of less than \$200. This includes all countries shown in Figures 7-9. India's per capita income in 1970 was exactly \$100, while the per capita income of Bangladesh was \$81, and that of Pakistan \$175 (in terms of today's borders). Bangladesh and Pakistan must be considered together in Figure 9 in order to obtain a consistent time trend because separate aid data are not available prior to 1972 for Bangladesh, which was then East Pakistan. Several countries are excluded from consideration in these figures. The most important of these is China, excluded on the grounds that aid to China was very low on a per capita basis for reasons mainly unrelated to that country's per capita income. Aid to China was \$7.3 million in 1983, or \$.007 per capita, as shown in Table 1. The data also exclude countries for which data on per capita incomes were unavailable, as well as aid given to regional groups of countries. Also excluded here are bilateral flows for which disbursements by country were not available. Unallocable bilateral flows accounted for 20.0% of the total between 1980 and 1983. The remaining sample accounted for 93.0% of 'allocable' bilateral flows and 74.4% of total bilateral flows between 1980 and 1983.

Figure 11: The definition of Least Developed Countries (LDC) has changed over the years to include different countries. For the list used in the present work, see CIDA, Annual Report, 1983-84, pp. 76 and 88. However it is necessary to omit Bangladesh from this list in order to obtain a consistent time series further back than 1973 (see previous note). Figure 11 provides two series, one including Bangladesh (labelled "LLDC"), and one excluding Bangladesh ("LLDC NO BANG").

Figure 12: This figure gives the average per capita income of countries receiving Canadian aid (weighted by Canadian bilateral aid disbursements) as a proportion of the average income of all Third World countries in each year. Annual estimates of per capita incomes by countries were obtained by using data for 1970 (see note for Figures 7-10), GNP growth rates for 1960-70 and 1970-81 and population growth rates for the same years (obtained from the World Bank's World Development Report, 1983 Annex Tables 2 and 19. Missing data for some countries were filled in ad hoc fashion on the basis of data for other years. Growth data being too often unavailable for 1950-60 and for 1981-83, we simply used 1960 data for years prior to 1960, and 1981 data for 1982 and 1983. This imprecision is of little consequence since it is the relative income of countries which is important. The data exclude the same countries as in Figures 7-10.

Figures 13-15: These figures provide data for six regions, grouped together with due regard for visual presentation. Aid to India, Bangladesh and Pakistan having been presented already in Figures 7 and 8, Figure 13 provides data on other Asian countries. Figure 14 presents data on the Caribbean region (including Belize and Guyana) and on Anglophone africa (defined to include former British colonies, former Portuguese colonies, and Ethiopia). Figure 15

provides data on Francophone Africa, on Latin America (Mexico, Central America plus South America, except Belize and Guyana), and Europe (where Turkey has been the most important recipient country, but also, at one time or another, Greece, Malta and Cyprus).

Figures 16 and 17: These figures are based on growth rates of GDP per capita for 1970-81 as described in the note for Figure 12. The following groups of countries are charted: those with negative growth rates, India (with a growth rate of 1.5%), and those with growth rates of 0-2% (excluding India), 2-4%, 4-6%, and 6-10%.

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