

A COMPARISON OF FOREIGN AID OBJECTIVES:  
POLICY-MAKER'S PERCEPTIONS, CANADA--UNITED STATES

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POLICY-MAKER'S PERCEPTIONS, CANADA---UNITED STATES

by

JOSEPH K. INGRAM, B.A. (Hons.)

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AUTHOR: Joseph K. Ingram, B.A. Hons. (McMaster)

SUPERVISOR: Dr. G.R. Winham

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SCOPE AND CONTENTS:

- 1) This thesis will examine and compare the objectives of the foreign aid programmes of both Canada and the United States.
- 2) It will examine the motivations underlying those objectives and discuss their implications for the foreign policies of both Canada and the United States.
- 3) A secondary aspect of the thesis will be an attempt to establish the extent to which Canada is reliant on American values, and to what extent Canada exhibits a similar world view.

## ACKNOWLEDGEMENTS

As is convention with any work of this nature, this thesis is also not without those whose help has been indispensable. Due to the type of research, gratitude must be accorded those officials of both the Canadian International Development Agency, their related aid colleagues from the Departments of Finance, Trade and Commerce and External Affairs; and Dr. Jerry Silverman of McMaster University, whose imagination and experience proved invaluable in providing the access to officials of the Agency for International Development in Washington.

I also express my thanks to my fiancé Mary Lou Hodgins, and my sister Elizabeth, both of whom exhibited the patience necessary for reading and editing a study of this nature.

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## TABLE OF CONTENTS

	Page
LIST OF TABLES	
Chapter	
I. AN INTRODUCTORY DISCUSSION.....	1
II. THE METHODOLOGY.....	13
III. THE PROGRAMMES IN PERSPECTIVE.....	24
America's Efforts to Date.....	24
Canada's Efforts to Date.....	44
IV. CANADIAN PERCEPTIONS.....	67
Aid as Humanitarianism.....	68
Aid as a Commercial Benefit.....	71
Aid as an Economic Benefit.....	74
Aid as a Strategic Tool.....	76
Perceptions of Foreign Policy.....	83
The Relevance of the 'Cold War'.....	86
V. CANADIAN-AMERICAN PERCEPTIONS COMPARED.....	98
The North American Milieu.....	99
A Comparison of the Development Concept.....	105
A Comparison of Aid as a Cold War Tool.....	113
Canada: Perceptions as Policy.....	119
United States: Perceptions as Policy.....	122
VI. CONCLUSION.....	129
BIBLIOGRAPHY	132
Appendix	145

LIST OF TABLES

TABLE		Page
I	Responses to Aid as a Stimulus to Canadian Exports.....	21
II	Total Aid Flows and Gross National Product: U.S.....	34
III	Comparative Aid Giving Performance in 1967.....	41
IV	Compliance with the 1965 D.A.C. Recommendations on Terms of Aid.....	42
V	Major Economic Assistance Under Aid (\$ Millions) FY 1966.....	43
VI	Canada's Flow of Official Financial Resources to Less-Developed Countries and Multilateral Agencies: 1950-1968...	53
VII	Recipients of Canadian Aid Allocations.	55
VIII	Canada's Total Official and Private Flows.....	58
IX	Canada's Official Flows and National Product.....	59
X	Structural Composition of Canadian-U.S. Aid: 1966-67.....	61
XI	Comparative Aid Giving Performance in 1967.....	62
XII	Compliance with the 1965 D.A.C. Recommendation on Terms of Aid: 1964-1967.....	63
XIII	Humanitarian Considerations as a Factor in the Objectives of Aid.....	70

TABLE		Page
XIV	Extent of Canadian Comprehension of the Purposes of the Foreign Aid Programme.....	71
XV	Aid as a Direct Stimulus to Canadian Exports.....	73
XVI	Extent to which Aid Effects World Trade.....	74
XVII	Aid as a Factor in Stimulating Canada's Economy.....	75
XVIII	Primary Objectives of Canadian External Aid.....	81
XIX	In Terms of Government, the Most Important Feature of Canadian Foreign Policy.....	85
XX	Extent to which Objectives of Aid are Concerned with Successful Prosecution of the Cold War.....	88
XXI	The Greatest Threat to Canada's National Security at this Time.....	89
XXII	Canada's Present and Future Involvement in NATO.....	92
XXIII	Perceptions of Development: Canada- U.S.....	107
XXIV	Aid-Cold War Tool -- NATO Reduction- Europe.....	116
XXV	American Aid to Brazil: 1962-66.....	127

## CHAPTER I

### AN INTRODUCTORY DISCUSSION

With the close of the Second World War and the emergence of a new era of 'progress' and technology, the practice of international relations has taken on a rather distinctive guise. Nation-states have become increasingly involved both in the disbursement of financial and technical assistance, and in the actual process of "development"<sup>1</sup> in 'poorer' areas of the world. This is not to say that the transfer of resources from one area to another is necessarily unique to this era, but rather that the amount provided, and the significance accorded the process have become noticeably more important. Not surprisingly, the analysis of international relations has followed suit and is exhibiting a far greater concern for questions related to foreign aid and international development.

Whereas in the past the focus of state action and attention tended for the most part to concentrate on areas of conflict in parts of Europe and the northern latitudes,

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This concept is of course subject to diverse interpretations and definitions (as is the exact nature of the desire for technology) and is often dependent upon whether the analyst is from the West or the 'third world' or whether his academic background is that of an economist, political scientist, engineer or anthropologist, etc.

the contemporary emergence of Asian nationalism and the nation-state have served to shift the primary focus of attention to developments in Asia, Africa and Latin America. Yet, why the major powers of Europe and North America originally saw fit to turn their attention to the 'third world' is a question which would require a rather extensive examination of the rise of imperialism and the subsequent impact of European colonialism on the 'third world'.<sup>2</sup> Why western powers continue to focus their attention on these areas remains, however, a contentious and significant point. It is this question, manifested specifically in the context of foreign aid involvement, with which this thesis will deal.

Before outlining the justifications most frequently attributed to donor states, it should be pointed out that this recent concern with foreign aid has come about at the same time as rather significant developments in the nature of international conflict and interstate relations. For example, the realities of major conflicts in this present era of advanced technology and nuclear

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See for example, Woodbridge Bingham, Hilary Conroy and Frank Ikle, A History of Asia: Old Empires, Western Penetration and the Rise of New Nations Since 1600 (Allyn and Bacon, Inc., Boston, 1965) and Hannah Arendt, The Origins of Totalitarianism (The World Publishing Company, Cleveland and New York, 1958).

destruction have served to preclude the arbitrary use of military force. The costs have become too severe. Moreover, the development of more sophisticated technology has necessarily resulted in the adoption of other means of influence which serve as efficient substitutes for military force.<sup>3</sup>

Whether or not foreign aid can be identified as constituting one of these newly created means is, of course, something this thesis will attempt to determine later. What is apparent, however, is that the disbursement of foreign aid, and the increasing controversy surrounding its use, are developments which have occurred for the most part since the end of W.W. II, in conjunction with the effective consolidation of total nuclear capabilities. This is not to conclude, however, that foreign aid is a necessary function of these strategic developments, but only that these trends appear to have occurred simultaneously.

In fact, many analysts argue that technological developments since W.W. II, especially in the spheres of education and communications, have enabled western nations

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This point is discussed by K.T. Holsti, "The Concept of Power in the Study of International Relations", ed. R.L. Pfaltzgraff, Jr., Politics and the International System (J.B. Lippincott Co., Philadelphia, New York, 1969). See especially pp. 144-146.

to acquire a more vivid picture of life and suffering in the 'third world'. They contend that this greater awareness, having aroused the humanitarian instincts purportedly inherent in western culture, is primarily responsible for the significance of foreign aid and international development in the foreign policy considerations of today's major powers.<sup>4</sup> Yet, if foreign aid were motivated by humanitarian considerations only, would this not then be difficult to reconcile with the constant attempts to justify the existence of aid (to policy primarily) in terms of the economic, political and social benefits which

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This is not, in fact, an uncommon justification for what the objectives of an aid programme are and should perhaps be. See for example Mitchell Sharp, Speech to the Chartered Accountants Group, Toronto, 1966, in International Development (The Information Department of the External Aid Office, Ottawa, May 1968) p. 7, and Pierre Trudeau, "The New Name for Peace is Development", an Address to the Convocation Ceremony, The University of Alberta, May 13, 1968, and Paul Martin, Paul Martin Speaks for Canada (McClelland-Stewart Ltd., Toronto, Montreal, 1967) p. 132, and J. Cropsey, "The Right of Foreign Aid", ed. R. Goldwin, Why Foreign Aid? (Rand McNally Public Affairs Series, New York, 1962) pp. 111-114 and J.F. Kennedy, "Foreign Aid", Ibid., p. 132. Possibly the outstanding academic proponent of this point of view is Barbara Ward, The Rich Nations and the Poor Nations (W.W. Norton and Co., New York, 1962) who has described her thesis as moral in that the poor nations are in part a product of our own making and that this assumes an acceptance of moral responsibilities in relation to their economic and social development.

the donor supposedly derives?<sup>5</sup>

Foreign aid does provide reciprocal benefits, and donor governments do gain certain perceived advantages. For instance, many conceive of aid as a possible counter to the threat posed by Communist-inspired movements in the less-developed world. Others feel that regardless of the ideological factors, the frustrations created by rising expectations, excessive population growth,<sup>6</sup>

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For an insightful description of aid's ostensible benefits to the U.S. economy, see especially The Foreign Aid Programme: FY 1968, a Summary Presentation to Congress, AID, 1968, Chapt. 6. "Successful foreign aid in short, enlarges the arena of competitive free-enterprise while multiplying and diffusing its benefits. This is the long-range connection between the foreign aid programme and the U.S. economy." p. 72. See also arguments both pro and con by David Bell, "The Impact of Foreign Aid and the American Economy", ed. D. Baldwin, Foreign Aid and American Foreign Policy (Frederick Praeger, New York, 1966) pp. 188-195.

6

As an indication of the significance accorded excessive population growth, witness the unofficial figures of the Commission on International Development led by the Honourable Lester B. Pearson which revealed that, "Economic growth is failing to keep pace with population increases, that per capita average income is often almost stagnant, that agriculture is still developing more slowly than industry and better health and wider education are creating greater social problems among more people. Unless foreign aid helps to reverse some of these trends in the coming years, instability may defeat the purpose of assistance." David Van Praag, "Why Foreign Aid Might Need a New Set of Rules", The Globe and Mail, Toronto, Friday, April 4, 1969.

and economic and political change, provide the most significant obstacles to internal progress and international stability, both of which are viewed as the factors most critical to the emergence of an international community of relatively homogeneous values within which all nations might live in peace and prosperity.<sup>7</sup>

Yet, authorities do not merely limit justifications to such general and long-range trends as international integration. More outspoken elements, often students and critics, perceive the major powers and especially the United States, as operating with an almost Machiavellian resolve, using foreign aid both as a device to extend its short-range political influence and as a means to increasing the profits and investment climate for American corporations abroad. For example, at a recent World University Service of Canada seminar, one such critic maintained

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Joan M. Nelson, Aid, Influence and Foreign Policy (McMillan and Co., New York, 1968) p. 12. This general view is exemplified by Dean Rusk who observes that the "...dominant doctrine especially among the highest officials, is that the overriding goal of aid, as of all instruments of American foreign policy, is the creation of a world community of free and independent nations each free to work out its own institutions as it might see fit, but cooperating effectively in matters of national concern and common interest." Dean Rusk, "The Basis of U.S. Foreign Policy", The New Look in Foreign Aid, Proceedings of the Academy of Political Science, June 1962, pp. 108-109.

that, "...foreign aid is the means by which American monopoly capital maintains its domination of the Third World, to show that the multi-national corporations must exploit the resources of the Third World to feed the metropolitan enemies."<sup>8</sup> Though the source of this assessment might by some be considered too narrow and emotional, Third World leaders, both political and intellectual, have of late become increasingly skeptical of the motivations and value of 'Western' aid generally.<sup>9</sup> For example, Prime

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Quoted in Hugh Winsor, "Why Aid to the Third World Failed", The Globe and Mail, Toronto, Friday, July 25, 1969, p. 7. Even the Canadian programme cannot be considered free of such motives as is evident from an outline by Maurice Strong, President of CIDA, of the supposed benefits to the Canadian economy of 'tied foreign aid'. "There is concern about the effect untied aid would have on the balance of payments, particularly for a capital-importing country such as Canada. Another reason is the desire to promote Canadian exports...Untying of aid permits developing countries to purchase from any supplier and as a result certain percentage of unilateral tying of aid by Canada would initially mean that Canadian aid would serve to finance the exports of other countries. It is also argued that the volume of aid the public in donor countries is likely to support is greater when aid is tied and they can identify a greater element of self-interest in the aid programme." Maurice F. Strong, Statement for Senate External Relations Committee, Ottawa, December 14, 1967.

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'Western' aid is provided almost totally by the 16 members of the Development Assistance Committee of the Organization for Economic Cooperation and Development, a body whose recommendations are made so as to coordinate, evaluate and improve national foreign assistance programmes. The DAC includes Australia, Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Norway, Portugal, Sweden, Switzerland, United Kingdom and the United States. It is estimated that these states provide more than 90% of all the assistance to the third world, 50% of which is provided by the U.S.

Minister Julius Nyrere of Tanzania, without rejecting totally the value of 'development loans', nonetheless questions their implications and the political costs involved. He contends that aid in this form and on such a large scale often poses a threat to self-reliance and survival, and virtually distorts the building of an egalitarian society exhibiting true independence.<sup>10</sup>

Moreover, such skepticism would not appear unwarranted, especially in light of recent evaluations by the Development Assistance Committee (DAC) and the Overseas Development Institute (ODI). Both of these organizations conclude that despite the enthusiastic pronouncements of more 'progressive' and effective efforts based on the most up-to-date econometric techniques and models, western foreign assistance has remained essentially "donor-oriented,"<sup>11</sup>

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Colin Leguum, "Nyrere Starts Quiet Revolution", The London Observer, London, February 12, 1967.

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For an insightful discussion of this question see John White, Pledged to Development (The Overseas Development Institute Ltd., London, 1967) especially chapters 1 and 2 which examine the question more from the point of view of the capital-importing nations. Much of the criticism of foreign aid focuses on the excessive 'tying' of aid and its increased allocation in loan form (especially with regard to the U.S.). These conditions and their implications comprise the essence of the recommendations of the most recent Development Assistance: Efforts and Policies 1968 Review (OECD Publications, Paris, 1968).

and has tended to neglect the cultural diversities of recipient countries. According to Andrzej Krassowski, a member of the ODI research staff:

All global approaches to aid suffer from a built in tendency to generalize, standardize and simplify. Such approaches make it difficult to take account of the differing circumstances and requirements of individual developing countries...In addition this global approach is inherently prone to stress donor at the expense of recipient considerations. The result is aid which is donor oriented..."

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These then are the justifications most frequently discussed both in government contexts and among scholars and analysts. Needless to say then, a state which establishes an aid programme has certain objectives in mind, one of which purports to view the recipient as the greatest beneficiary. Yet, as has just been pointed out, the benefits

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Andrzej Krassowski, The Aid Relationship (The Overseas Development Institute Ltd., London, 1968) p. 23. See also John White, op. cit. In this regard Hans Morgenthau points out that, "...there is a kind of ethnocentric arrogance involved in the idea that...an annual increase in the GNP is the purpose for which the universe was created ...There exists a great variety of cultural goals, of outlook, of philosophy of life in this world. It is naive to assume that what has made us in the West happy will be a source of happiness for the rest of mankind." Quoted in Hugh Winsor, op. cit., p. 3. See also Gerald Garvey, "Foreign Aid Theory: Where Do We Go From Here?", World Politics, Vol. 18, October 1965.

are reciprocal, and in the extreme case could conceivably result in programmes structured so as to maximize the benefits accruing to the donor, that is at the expense of the recipient. To what extent this situation might exist is ascertainable, in part, through an analysis of the actual programme content, and its subsequent implementation. An even more effective means might be to establish exactly what the justifications provided by the policy-makers are. In that way, one might partially confirm or deny impressions derived from an analysis of the programme. Moreover, such a procedure provides some insight into the types of images and perceptions decision makers have of themselves and their environment. This would be fundamentally significant for the study of international relations and foreign policy, not only theoretically, but operationally, for, where there is great discrepancy between perceptions of policy makers, and reality, the results to a state's foreign policy can be disastrous.<sup>13</sup>

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For a discussion of this issue and its theoretical and practical implications, see especially K.T. Holsti, op. cit., Kenneth Boulding, "National Images and International Systems", ed. James Rosenau, International Politics and Foreign Policy (The Free Press, New York, 1961), Urie Bronfenbrenner, "The Mirror Image in Soviet-American Relations", ed. R.Z. Pfaltzgraff, Jr., Politics and the International System (J.B. Lippincott Co., New York, Philadelphia, 1969), Gabriel Almond, "American Character and Foreign Policy", Ibid., and Alexander George, "The Operational Code: A Neglected Approach to the Study of Political Leaders and Decision Making", International Studies Quarterly, Vol. 13, No. 2, June 1969.

The following analysis, therefore, will deal for the most part with what those involved in the formulation and administration of the respective aid programmes perceive their objectives to be; that is, an assessment of the extent to which aid is based upon humanitarian political, commercial or economic exigencies. The thesis will attempt to test empirically (through the use of personal interviews) certain generally held assumptions, while at the same time establishing further hypotheses which deal with what the objectives of aid are, why these objectives might differ from the U.S. to Canada, and the possible implications these differences might have for the analysis of foreign policy. Hopefully, this will facilitate the establishment of a groundwork for further empirical research on aid problems, an area in which Canadian academics have not thus far taken a great deal of interest.<sup>14</sup> Assuming that foreign aid is a component of foreign policy (whether this is, in fact, a legitimate

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The only extensive work in this area at the time of this writing is Keith Spicer's A Samaritan State: External Aid in Canada's Foreign Policy (University of Toronto Press, Toronto, 1966). Despite the analytical nature of this work, it remains nonetheless descriptive in nature.

assumption among aid officials, will be examined in the course of this thesis), it would seem appropriate to focus on the rationale underlying aid objectives.<sup>15</sup> How do the motivations and justifications expressed differ from the United States to Canada, and how are they reflected in terms of actual aid policy? To what extent does Canadian-American aid concern itself with imposing stability on the less-developed nations? These, of course, are questions which if answered might provide both added scope for establishing viable theory in the area of foreign aid, and in addition, could quite possibly act as a means towards isolating and distinguishing between the primary concerns of Canadian and American foreign policies. Finally, the answers to such questions might shed some light on the issue of whether a policy-maker's perception of a situation varies at all with his academic training. This would provide analysts with further insight, both as to how and why specific policies are arrived at, while at the same time providing academics with further thoughts on the possible limitations of relying too heavily on the results of specialized fields of analysis.

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It would seem appropriate to point out the distinction between "objectives" and "motivations", the former being the more specific goals of the programme and the latter the more unconscious aspect usually implicit in the former.

## CHAPTER II

### THE METHODOLOGY

Until recently, the bulk of empirical research dealing with foreign aid attempted to establish hypotheses which derived from more technical, economic assessments. This was generally based on the assumption that donor governments perceived development as somehow synonymous with economic development, and that therefore the use of standard, more 'objective' economic criteria were sufficient to determine to what extent donors were operationally concerned with 'development', or at least to what extent they were achieving it. Yet, technical analyses have been found deficient, especially with regard to revealing the subtle and hidden motivations behind stated objectives.

As a result, much of the recent empirical work<sup>1</sup> (almost exclusively American research) has relied primarily on establishing the perceptions of those actively involved in formulating the aid programmes. As pointed out in the

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See for example Robert Packenham, "Political Development Doctrines in the American Foreign Aid Programme", World Politics, Vol. 18, 1966 and R. Packenham, "Foreign Aid and the National Interest", Midwest Journal of Political Science, No. 10, 1966, both of which are based on Packenham's Foreign Aid and Political Development (Doctoral Dissertation, Yale University, 1964).

preceding chapter, perhaps the most effective means has been through the use of the personal interview.

Therefore, the major portion of this paper's conclusions will derive from analysis of a series of eighteen interviews which were administered by this student in both Ottawa and Washington.

The Canadian officials consisted of 13 upper-level policy-makers from the Canadian International Development Agency (CIDA),<sup>2</sup> the Departments of Finance, Trade and Commerce and External Affairs, plus a member of the federal cabinet. Members of these various departments (excluding two members from the Bank of Canada) comprise the International Development Board (IDB), which is the small high-level committee coordinating and formulating policy from among the ministries concerned with aid.<sup>3</sup> Considering the

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The Canadian International Development Agency is responsible for the disbursement and implementation of nearly all Canadian Government assistance, see especially "The International Development Agency", External Affairs, September 1968, pp. 469-474 and W. Robb, "A New Face on External Aid", Canadian Business, No. 4, May 1968, pp. 12-13, and "EAO Becomes CIDA", Foreign Trade, 130:22, November 9, 1968.

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Keith Spicer in discussing the activities of the Board states that, "...in practice this includes receiving all major submissions to Cabinet, on bilateral aid; country allocations, propositions of each aid type and capital projects." Keith Spicer, op. cit., pp. 108-109.

total number of personnel directly involved in the formulation of Canadian aid policy (that is, those who comprise the IDB), the sample both by virtue of its numbers, and the seniority of those interviewed, would seem both adequate and representative of government perceptions.

The American sample, though far from being numerically adequate (consisting of five officials only), nonetheless possesses certain characteristics which make for an informative and worthwhile comparison. Those interviewed were senior officers and as a result were more likely to reflect official policy perceptions, than would more minor officials. Moreover, the existence of earlier empirical research and numerous non-empirical studies, at least provides a context and framework within which to assess the representativeness of these respondents. In addition, rather consistent themes were apparent among them, thus facilitating generalization and adding credibility to the comparison.

The Agency for International Development (AID) in the minds of most Americans at least, is that agency most closely associated with the dispensing of foreign aid. Reorganized several times since its inception as the Economic Cooperation Administration in 1948 (established to administer the Marshall Plan), this agency was established finally as AID in 1961, and since that time, has provided

assistance in the form of both grants and loans. AID (and its predecessor agencies) has been responsible for administering more than 50% of total non-military assistance of the United States.<sup>4</sup> These then are the two agencies which appear most appropriate for comparison.

Although the officials interviewed were for the most part candid and accommodating, the question of initial access to policy-makers did present somewhat of a problem in Washington. Given the size and nature of the respective programmes, however, this did not come as too great a surprise. Unlike AID officials who are continuously being exposed to the inquiries and criticisms of scholars, researchers and congressmen, CIDA officers were less likely to feel any resentment or hesitancy in responding to the questions of inquiring social scientists. In fact, several in the course of our discussions expressed disappointment that so few academics had approached them in

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Other elements comprising U.S. Government aid include the Food for Peace Programme administered jointly by the Department of Agriculture and AID, long-term loans from the Export-Import Bank, occasional U.S. Treasury loans, Peace Corps Programmes and U.S. contributions to international organizations. A complete breakdown is provided by AID, U.S. Overseas Loans and Grants and Assistance from International Organizations, July 1, 1945 - June 30, 1968, Special Report prepared for the House Foreign Affairs Committee, May 29, 1969. See also D. Baldwin, op. cit., Chapt. 2.

in a similar research capacity, as they felt that the universities could provide valuable advice through greater research efforts and consultation.

Finally, it should be pointed out that all the AID personnel with whom I met had educational backgrounds in political science (in combined form or otherwise) while of their CIDA counterparts, all but three were economists. Whether this indicates a different recruitment policy (in which political scientists are considered instrumental in any AID programme) or whether it merely reflected the insufficient American sample, it does nonetheless raise a significant question: Exactly what effect, if any, does this difference in training have on the officials' perceptions of the world situation, and their view of 'development' in general? For on several issues, perceptions varied noticeably between Canada and the United States. Once again, however, establishing whether these differences exist as a result of national background, or training and recruitment policy, would require an extensive examination with a comparison of the educational backgrounds of the personnel in the respective agencies. Yet, distinct perceptions were discernable.

Whether the respondents were frank and honest, or whether this author was provided with merely an agency 'line' once again is not conclusively ascertainable. Yet,

it is a question which faces every researcher who deals with statements, either published or first hand. Thus, unless quite obviously to the contrary, one can only proceed on the a priori assumption that what is being said is candid. In this sense, of course, the personal interview is advantageous. The interviewer himself can assess the credibility of the respondent, based upon both his intuitive impression, and the consistency with which the respondent replies to a series of seemingly unrelated questions. Furthermore, in response to criticisms that the interview situation does not compel a respondent to answer truthfully, a number of social scientists have suggested that, "one of the strongest guarantees of the validity of interview data is the very fact that the interviewer is a stranger... Except in times of war and spy hysteria when he might be regarded suspiciously, the strange interviewer has the advantage."<sup>5</sup>

As for the duration of each interview, this tended to vary from one to two hours and involved a certain degree

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H. Hyman, "Interviewing as a Scientific Procedure", The Policy Sciences, eds. H.D. Laswell and D. Lerner (Stanford University Press, Stanford, California, 1968).

of informal conversation not related directly to the questions at hand. This served to create for both myself and the official a more relaxed atmosphere and dialogue, as well as providing this author with further invaluable information and impressions.<sup>6</sup> Nevertheless, the actual interview remained structured.

Each session entailed the administering of a standardized interview schedule composed of eighteen open-ended questions (see Appendix) which inquired into various aspects of the respondent's perception of his aid programme and foreign policy. The schedule was derived in part from Keith Spicer's study on Canadian aid<sup>7</sup> and a project by Karl Deutsch concerning the foreign policy perceptions of Western European elites.<sup>8</sup> Although the use of such a systematic schedule might be thought to detract from the potential richness of the responses (especially in light of

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This 'informal' dialogue provided me with some insight into the respondent's personality, his views on various specific issues, and thus to what extent his responses might have been candid.

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Keith Spicer, op. cit., p. 6.

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K. Deutsch, L.J. Edinger, R.C. Macridis, and R.L. Merritt, France, Germany and the Western Alliance (Frederick Praeger & Sons, New York, 1965).

the limited number of responses involved) it does nonetheless provide a viable means of comparison. In addition, such a schedule facilitates the subsequent organization and analysis.

Although the interviews necessarily provide the major source of the thesis material, these will be amply supplemented by statements taken from speeches, scholarly journalism, administrative policy guidelines and reports, and various kinds of agency memoranda. It should also be emphasized that as officials overseas may have completely different perceptions, the conclusions and justifications established are limited to those in Ottawa and Washington only.

The questions themselves dealt generally with various approaches and problems in aid policy, and usually asked whether or not a respondent favoured or was able to perceive the existence of a particular policy. As for the coding categories to each question, these were established according to this writer's assessment of the range of likely responses. In general, these tended to be fairly straightforward, and could be delineated in a manner similar to close-ended responses in YES, SOMEWHAT or NO terms (see for example Table I). With some of the more interpretive and open-ended questions, however, the task of determining categories was somewhat more 'arbitrary' and de-

TABLE I

8. Do you see aid as a direct stimulus to Canadian exports? (In opening up markets by making known Canadian goods and services.)

Training		Yes	No	Agency
Economist	1	x		CIDA
Economist	2	x		Cabinet
History & General Arts	3	x		CIDA
RMC (Army)	4	x		CIDA
Economist	5	x		CIDA
Economist	6		x	CIDA
Economist	7	x		T & C
Economist	8	x		T & C
Economist	9	x		Finance
Economist	10	x		Finance
Political Scientist	11	x		External
Economist	12	x		External
Law	13	x		MP
TOTAL		12	1	

pendent upon this writer's view of the themes most relevant or most frequently mentioned in the responses. For instance, this was apparent in question 1 of the interview schedule. "What is the most important feature of Canadian or American foreign policy?" Although responses in this case were broken down into a maximum of 6 basic themes, each respondent was quite explicit in his reply and the process of isolating the particular dimension expressed, necessitated little interpretation of what might have been only implicit in the respondent's answer. Questions 2, 6 and 18 involved a somewhat similar procedure.<sup>9</sup> However, due to the very general nature of question 1 (foreign policy being a much broader dimension than foreign aid), more than one theme was expressed by the respondent. As a result, it seemed more appropriate to code the themes according to their importance, as indicated by the number of times they were mentioned.

These complications then, suggest a few of the

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The following sources were consulted for purposes of coding. P.F. Lazarsfeld and A.H. Barton, "Qualitative Measurement in the Social Sciences", eds. H.D. Laswell and D. Lerner, op. cit., also R.C. North and O.R. Holsti, Content Analysis (Northwestern University Press, Evanston, Illinois, 1963).

limitations involved in categorizing or conceptualizing statements by officials. By describing only in explicit terms, views which in many cases are implicitly suggested, one tends to categorize statements in terms which may very well distort the more subtle and implied beliefs. By imputing statements for the purpose of coding, we are liable to lose both the richness, the emphasis of expression, and to distort intended meanings. Yet, these limitations ought not to preclude this type of analysis, which should justify itself if minimally, it is able to identify and/or reveal some of the assumptions and goals under which aid officials function.<sup>10</sup>

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This discussion owes much to the methodological insights of both R.A. Packenham, op. cit., Chapt. 1 and Abraham Kaplan, The Conduct of Inquiry (Chandler Publishing Co., San Francisco, 1964) Chapt. 1 and 2.

## CHAPTER III

### THE PROGRAMMES IN PERSPECTIVE

This section will devote itself primarily to a description of the historical circumstances and the present day trends which have been most apparent in the aid programmes of both the United States and Canada. Hopefully, it will provide an 'objective' context or framework from which the reader can more authoritatively evaluate and compare the interview findings. I will not attempt to be critical, but rather provide only a general idea of what appear to have been the foremost objectives of the respective programmes to date.

#### America's Efforts to Date

According to one rather respected authority, American assistance has for the most part been allocated as a response to a national or perceived ideological threat,<sup>1</sup>

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Professor Joan Nelson contends that: "Current U.S. aid programmes have evolved from U.S. responses since WWII, to successive problems and challenges...During the Korean War the focus of Cold War concern swung from Europe to Asia and emphasis shifted from recovery to containment and security." Joan Nelson, Aid Influence and Foreign Policy (MacMillan & Co., New York, London, 1964) pp. 3-5. Arthur Schlesinger, Jr. is even more decisive in his assessment, ascribing the American response to Roosevelt's "messianic universalism" combined with the "sphere of influence" perceptions advocated by George Kennan, Henry Wallace and Henry Stimson. Arthur M. Schlesinger, Jr., The Crisis of Confidence (Bantam Books of Canada Ltd., Toronto, 1968). In this regard see also George Liska, The New (cont'd.)

a not unlikely reaction considering the United States' dominant position subsequent to WWII. As a result, an increased American involvement in relief and rehabilitation, both in Europe and parts of Asia, was not a surprising development following the conclusion of war. This involvement became even more critical with the gradual emergence of both the United States and the Soviet Union as the dominant world powers. The consolidation (the years 1943-1948 are generally accepted as most significant in this respect) of a new international distribution of power, often referred to as "bi-polarism" and the "cold war",<sup>2</sup> no doubt served to even further heighten perceptions of threat deriving from ideology and nationalism. For example, one noted American diplomatist

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Statecraft: Foreign Aid in American Foreign Policy (University of Chicago Press, Chicago, 1960) especially Chapt. 2, and Harry Magdoff, "The Age of Imperialism", Monthly Review, Vol. 20, No. 5, 1968.

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A definitive assessment of these two concepts is provided by David Baldwin, Economic Development and American Foreign Policy (The University of Chicago Press, Chicago, London, 1966) pp. 24-25.

in pointing to this process as the critical factor in America's decision to provide foreign aid, stated that:

We found ourselves catapulted in the space of some fifteen years from a position of relative security, when we could direct our entire energies to our own national development and the advancement of our own society to a position of responsibility in the world perhaps unequalled in human history. These fundamental changes in the world and in particular our position in it, underly the whole question of foreign aid...

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Nonetheless, during these early years, the focus remained for the most part on Europe, and with the critical impetus provided by the Marshall Plan,<sup>4</sup> the United States resolved to accept the responsibility of providing aid to Greece and Turkey, a policy which emerged as most significant following the announcement that Britain intended to withdraw from the area in 1947. As a result, Greek-Turkish

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Charles E. Bohlen, quoted in Ibid., p. 24.

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The Marshall Plan is generally conceded as having been implemented so as to raise living standards, in order to satisfy potentially disenchanted individuals, who, as a result, might be more amenable to a Communist takeover; or so as to prevent an outright act of Soviet aggression. For a recent empirical discussion of this question, see Gilbert R. Winham, "Perceptions of Congressional Elites in Decision Making: A Case Study of the Marshall Plan", a Paper prepared for delivery at the 65th Meeting of the American Political Science Association, New York, September 2-6, 1969.

aid, purportedly provided so as to counter "Soviet threats" (this amounted to some \$400 million, predominantly in military form) became known as the Truman Doctrine and established for the first time, an American aid policy aimed at containing Communism.<sup>5</sup> In fact, during the years 1951-1961, major aid activities were officially grouped together under a label with a rather apparent military connotation - mutual security.<sup>6</sup>

The granting of independence to India in 1948, coupled with the rise of her sense of rivalry with China (both of which were accompanied by increased demands for help at various international meetings) signalled the second major revision in America's aid effort. This emerged largely in the form of an increased awareness and subsequent regard for changes in the less-developed states, changes both military relevant and economically pressing.

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D.A. Baldwin, Foreign Aid and American Foreign Policy (Frederick A. Praeger, New York, 1966) p. 23.

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Ibid., p. 24. For an extensive discussion of the essence of American foreign policy, one should examine Schlesinger, op. cit., especially Chapt. III and VI, who ascribes the impetus behind American international involvement to essentially "Stimsonian collective security, Rooseveltian social evangelism, Dullesian anti-communism, each bequest tempted into universalism and messianism by the power vacuums left in the wake of the Second World War," p. 126. How these manifest themselves in present day policy is essentially examined in David Horowitz, From Yalta to Vietnam (Penguin Books, London, 1967).

This realization was intensified following the Korean War. The likely implications of this shift, and its effects on present-day policy, are discussed by David Baldwin:

During 1954 American policy-makers began to conceive of the Cold War in terms of a long term competition with the Communist bloc, one which relied primarily on economic instruments and which had the objectives of keeping uncommitted nations out of the opposing bloc's hands. Since 1954 the basic assumptions underlying the American aid programme have remained the same despite attempts by the Kennedy and Johnson administrations to depict their approach to aid as radically new. These assumptions are:

1. The Cold War is essentially a long term economic competition rather than a short term military one.
2. Primary targets of the Cold War are the uncommitted nations in Latin America, Africa, the Middle East and Asia.
3. Foreign aid is a useful policy technique for getting the less-developed nations to increase per capita income, resist internal Communist subversion, resist external demands by members of the Communist bloc.
4. Certain countries bordering the Sino-Soviet bloc deserve special attention, e.g., Taiwan, Korea, Viet Nam, Turkey, and Thailand.

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Ibid., p. 25. Not all observers would necessarily concur. For example, Schlesinger maintains that Kennedy's foreign policy directives were based on the realization that American influence was no longer omniscient nor should it be, while Johnson reverted to the pre-Kennedy concepts of American omnipresence through the role of international policeman. A.M. Schlessinger, Jr., op. cit., Chapt. III.

By 1957, therefore, it had become clear to the United States that military assistance was insufficient in preventing Communist advances in these countries. As a result, policy-makers felt that the programme required a more extensive and long-term policy of economic assistance, with a view primarily to "development".<sup>8</sup> With this in mind, the Foreign Assistance Act of 1961 called for an "historic demonstration that economic growth and political democracy go hand in hand..."

And yet, 'political development' has been declared, "the missing dimension in American foreign policy towards the developing nations".<sup>9</sup> In fact, at the policy

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In part this new emphasis came in response to successes of Soviet programmes of a comparable nature and intent, Soviet Premier Krushchev himself expressed this point of view when he stated: "This aid which the capitalist countries are planning to extend to the states which have recently won their independence should also be viewed as a particular kind of Soviet aid to these states. If the Soviet Union did not exist, is it likely that the monopolies of the Imperialist powers would aid the underdeveloped countries? Of course not." Quoted in Leo Tansky, U.S. and U.S.S.R. Aid to the Developing Countries (Frederick A. Praeger, New York, Washington, 1967), p. 5.

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Speech by the Honourable D.M. Fraser, United States Congress recorded in The Congressional Record, July 13, 1966, p. 14,765.

level, few provisions dealing directly with 'political development' objectives have ever been made, and as a result, the actual and potential impact of aid on 'political development'<sup>10</sup> received virtually no operational attention. Why such a pattern should have existed was due largely to the perception that direct tampering with the political components of a recipient could conceivably result in all types of odious accusations being brought against the United States, tainting her with a undeserved Machiavellian image. Such a development would not, of course, be conducive to "winning friends" internationally, especially as congressional support (or more accurately, the lack of such support) has tended to view the utility

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As previously noted 'political development' remains a somewhat nebulous notion among academics. Because of this, and the fact that it is significant only insofar as aid officials indicate some awareness of the concept, I shall not attempt to define it. However, an extensive conceptualization and review of 'political development' literature is provided by Robert Packenham who outlines five basic approaches to development: (1) Legal-Formal Constitution Approach; (2) The Economic Approach; (3) The Administrative Capacity Approach; (4) A Social System Approach; (5) A Political Culture Approach. See R. Packenham, "Political Development Doctrines in the American Foreign Aid Programme", World Politics, Vol. 18, 1965; and Lucien Pye, Aspects of Political Development (Little Brown & Co., Boston, 1967).

of foreign aid in terms of more tangible and immediate results, such as "winning friends".<sup>11</sup> Because this objective had been difficult enough to attain with economic considerations foremost, it was felt that political provisions would diminish its likely attainment even further.

Nevertheless, recent academic research has revealed the futility and potentially negative results of overlooking the 'political' and 'cultural' aspects of 'development'. Moreover, a great deal of research is now tending to focus on the question of whether it is due to this very neglect that "development is not proceeding as successfully as was expected. This is reflected rather clearly by the increased criticisms (at this point largely from academics)<sup>12</sup> of the aid programme in this

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For works devoted specifically to the Congressional role in Foreign Aid see M.K. O'Leary, The Politics of American Foreign Aid (Atherton Press, New York, 1967) and B.L. Mashwari, Foreign Aid and the Policy Process: A Study of the Struggle Over Foreign Aid in Congress 1961-1965 (Doctoral Dissertation, the University of Pennsylvania, 1967) also D. Baldwin, Foreign Aid and American Foreign Policy (Frederick A. Praeger, New York, London, 1966) Chapt. VII.

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Much of the criticism favouring political development considerations has come from Robert Packenham, op. cit., and Joan Nelson, Aid, Influence and Foreign Policy (MacMillan and Co., New York, London, 1968) and J. Nelson and E.B. Mihaly, "Political Development and U.S. Economic Assistance", Paper delivered at the (cont'd.)

regard.

It has been largely due to such critical scrutiny that the Foreign Assistance Act of 1966 instituted additional provisions to consolidate efforts in this direction, so that presently the Act makes official provisions for both 'political' and social consequences. These are included specifically in TITLE IX of the Foreign Assistance Act which, "...instructs the Agency for International Development to encourage the growth of democratic, private and local government institutions in carrying out its programme of assistance...Without which broad popular participation and without the institutions which make it possible, the impact of aid will be sharply limited."<sup>13</sup>

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12 (cont'd.)

1966 Annual Meeting of the American Political Science Association, and J. Nelson and G. Ranis, "Measures to Ensure the Effective Use of Aid", AID Discussion Paper No. 12, presented to the Conference of the Overseas Development Institute, Oxfordshire, England, June 3-6, 1966. Comprehensive discussion of the consequences of applying only economic criteria to 'development' is considered by Gunnar Myrdal, Asian Drama (The Twentieth Century Fund, New York, 1968) Vol. 1.

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W.S. Gaud, Primer on TITLE IX (Agency for International Development, Washington, 1968) Forward.

However, the extent to which 'political development' is actually a factor in the thinking of both AID and CIDA officials comprises a somewhat more complex problem and will be dealt with later in this study.

The final reappraisal of aid policy occurred in the later 1950's, and resulted in the expansion of American multilateral aid activities. In 1958, the lending authority of the Export-Import Bank was increased from \$5 billion to \$7 billion. At the same time, the United States moved towards the creation of the International Development Association, a regional development bank through which American funds were to be disbursed to Latin America, and the formation of which served to indicate America's ostensible concern with "development" in the Third World.

Once again, however, one shouldn't assume that the generally outstanding policy trends discussed to this point have always been to the benefit of the recipient states. For although the total volume of assistance provided has continued to rise, it has, in fact, done so in recent years at a decreasing rate relative to the growth in Gross National Product. This is quite apparent if disbursements are examined as a percentage of Gross National Product, indicated in Table II.

TABLE II  
TOTAL AID FLOWS AND GROSS NATIONAL  
PRODUCT: U.S.

FY	Total Flow	Official Flow	Private Flow
1960	.92	.67	.25
1961	1.06	.80	.26
1962	.95	.77	.18
1963	.94	.76	.18
1964	.91	.66	.25
1965	.97	.64	.33
1966	.80	.59	.21
1967	.85*	.57	.28
1968	--	.38**	--

Source: Development Assistance Efforts and Policies: Annual Review, 1968 (OECD Publications, Paris, 1968) Statistical Tables.

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Although there was a .05 increase in flows in 1967, this would appear to have been offset by the latest allocations which indicate that the administration's proposals for FY 1969 have been slashed heavily. Of an original request of \$2,500 million, excluding military aid, \$1,400 was appropriated.

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This is quoted from the Report of the Commission on International Development.

It appears that despite attempts to improve the assistance programmes, Congressional and public doubts are substantially affecting the amount provided by the United States.<sup>14</sup> Expectations, which in many instances had been unrealistic (such as winning friends or stemming leftist inspired wars of liberation) have just not been met. And yet, the critical danger of such disillusionment lies not only in the results it might have in the United States, but on the effects it might have on other donors, a possibility which the most recent recommendations of the Development Assistance Committee make alarmingly clear.

United States assistance constitutes almost half of the total net flow from DAC members and overall DAC performance is crucially dependent on strong U.S. performance -- both because of its size and even more because of its psychological importance for other donors of continued efforts in the United States to sustain and increase assistance.

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Certainly this is indicated by the most recent figures available. Nevertheless, some analysts posit that support for American foreign aid has gradually stabilized. The most lucid arguments are provided by J.D. Montgomery, The Politics of Foreign Aid (Frederick A. Praeger, New York, 1962) pp. 195-202.

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Development Assistance Efforts and Policies: Annual Review 1968, op. cit.

In addition, this is not the only aspect of aid volume upon which American performance plays such a preponderant part. The practice of 'tying aid'<sup>16</sup> for example is a relatively recent phenomenon resulting for the most part from the efforts of American administrators to reduce the balance of payments drain (a large portion of which some opponents say the aid programme is responsible for).<sup>17</sup> Consequently, almost all American aid is 'tied', despite the fact that both UNCTAD and the DAC have indicated that such practices result in possible price increases for the recipient of some 15-50%. (See Table X, Item 8.) Furthermore, such measures are said to exacerbate the debt-service burden of the recipient (which the DAC sees as one of the more critical obstacles to development in the Third World).<sup>18</sup> As an indication of

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'Tied aid' refers generally to that assistance provided under the provision that it be spent on the purchase of goods in the donor country only.

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Excellent arguments refuting this assumption are provided in D. Baldwin, Foreign Aid and American Foreign Policy, *op. cit.*, Chapt. XI.

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The recently released World Bank sponsored Commission on International Development headed by former Prime Minister Lester B. Pearson, condemns this practice among all donor nations. "Of all the limitations on the flexibility of aid, the tying of aid to purchases in the aid giving country is the most serious." Quoted in H. Solomon, "What the Pearson Aid Message Means to You", The Financial Post, Toronto, October 4, 1969, p. 17.

the extent to which international authorities see the United States as the prevailing influence on other donors, the Development Assistance Committee has stated that:

To a large extent other donors began to follow suit as United States procurement controls became more and more instructive. Any general reversal in the present trend depends largely on a change in the United States tying policies; a number of other donors have indicated that they would be willing to participate in a generalized move to untying, but the steps taken both by the U.S. and its co-members in the OECD to overcome the United States balance of payments difficulties, have not yet put that country in a position permitting it, as it has stated it is prepared to do, to abandon tying practices.

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Finally, it should be noted that along with volume, a marked deterioration in American terms of aid has also been occurring. This has come about largely due to the decline in the percentage of American "military assistance" (provided in grant form), accompanied by more vocal and effective criticisms in Congress. Subsequently, AID has tended to place a greater emphasis on loans rather than grants, while at the same time hardening the terms on which these loans are disbursed. The Development Assist-

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Development Assistance, op. cit., p. 69.

Committee has once again voiced its concern. "However, the United States which for years provided the softest bilateral loan terms, will have to harden its terms by decision of Congress...the result is a definite convergence of loan terms among DAC members -- with the United States hardening."<sup>20</sup> (See Tables III, IV and V.) It would appear then that in terms of allocation, the American aid programme is presently in a period of stagnation, a lull which could be critical both as an example to the world's other donors and as a reflection of the sincerity of professed Western commitments to cooperation with the Third World.

In conclusion, it should also be pointed out that the areas to which the bulk of American assistance have been allocated, also appear to have undergone considerable alteration. Current programmes are apparently far more diffuse than in the more formative years, when American aid efforts were concentrated in some twenty countries only. In FY 1966, AID assistance went to over 70 countries, while the regional distribution had shifted from Europe, to Asia and Latin America. This appears at the same time to have

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Development Assistance, op. cit., p. 61.

resulted in a decline in per capita disbursements from \$20 per annum to the present \$1 or \$2.<sup>21</sup> Nonetheless, on the surface, these figures present a somewhat deceptive picture, as in fact, AID attention remains virtually concentrated. As Joan Nelson in her recent study has pointed out, approximately two-thirds of the United States major development programmes go to some thirty countries only. Of these thirty, nine of the countries -- Korea, India, Pakistan, Turkey, Taiwan, Tunisia, Brazil, Chile and Colombia -- have since 1962 received almost half of all AID assistance.<sup>22</sup> In addition, Professor Nelson indicates that in 1966, "...security and stability programmes"<sup>23</sup> comprised approximately 38% of total AID commitments with the bulk of these focused on

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D. Balwin, Foreign Aid and American Foreign Policy, op. cit., p. 27.

22

See J. Nelson, Aid, Influence and Foreign Policy, op. cit., Chapt. 2, especially pp. 46-44.

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"Security and stability programmes" have as their immediate objectives "to help the recipient government control insurgency or to alleviate social and economic problems that threaten to explode into violence. The nature of the aid varies with the problem." Ibid., p. 39.

Vietnam, Laos, Korea, Thailand, the Congo, the Dominican Republic, Jordan and Bolivia (see Table V).<sup>24</sup> Africa however remains at this point relatively low on the American list of aid priorities. As David Baldwin observes, "The small proportion of aid channelled to that area probably reflects both its low priority vis-a-vis other areas in the eyes of policy-makers, and a belief that former colonial powers, such as France and Britain, should be responsible for the bulk of aid to Africa."<sup>25</sup>

Along with the major trends which have been outlined to this point, then, it seems evident that the allocation of AID assistance has been very much a function of foreign policy and strategic considerations (see Table V). The examination of officials' perceptions, to be discussed in the course of the analysis below, tends to substantiate this assumption.

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Ibid., p. 37.

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D. Baldwin, op. cit., p. 34.

TABLE III

## COMPARATIVE AID GIVING PERFORMANCE IN 1967

Countries	National Income Per Capita		Total Official and Private		Net Official Flows		Grant Element	
	\$	Rank	% National Income	Rank	% Nat'l Income	Rank	% Nat'l Income	Rank
United States	3290	1	.85	10	.57	7-8	.51	7
Sweden	2200	2	.70	11	.35	13	.33	10
Switzerland	2160	3	.93	8	.03	16	.09	16
Canada	2100	4	.59	13	.50	9	.49	8
Denmark	1920	5	.27	16	.30	14	.26	12
Australia	1790	6	.86	9	.79	3	.74	3
Norway	1660	7	.48	15	.50	9	.49	8
France	1640	8	1.64	2	1.02	2	.95	1
Belgium	1600	9	1.00	6	.65	4	.56	5
United Kingdom	1580	10	1.01	5	.57	7-8	.57	4
Germany	1510	11	1.26	3	.61	6	.48	9
Netherlands	1460	12	1.24	4	.62	5	.55	6
Austria	1090	13	.60	12	.48	10	.22	14
Italy	1020	14	.53	14	.38	12	.19	15
Japan	910	15	.93	7	.42	11	.27	11
Portugal	400	16	2.06	1	1.23	1	.77	2
Total DAC Countries 1990		--	.93	--	.58	--	.50	--

Source: Development Assistance Efforts and Policies: Annual Review (OECD, Paris, 1968) Statistical Tables.

TABLE IV

## COMPLIANCE WITH THE 1965 D.A.C. RECOMMENDATIONS ON TERMS OF AID

Countries in order of Compliance with Terms of Recommendations	Grants as a % of Total	Grants & Loans at Interest Rate of 3% or Less as % of Total	Grants & Loans with Maturity of 25 Years or more as % of Total	Weighted Average Grace Period of Loan Commitments
In compliance by meeting the grant test:				
Australia	100.0	100.0	100.0	No loans
Norway	100.0	100.0	100.0	No loans
Switzerland	100.0	100.0	100.0	No loans
Belgium	92.0	99.4	92.0	4.9
Sweden	84.0	100.0	88.6	6.4
France	72.6	76.0	74.5	1.8
Netherlands	71.5	94.0	94.0	6.3
In compliance with all 3 provisions of alternative test:				
Denmark	63.5	100.0	92.7	6.6
In compliance with 2 provisions:				
United Kingdom	57.2	89.8	95.6	5.5
United States	56.1	83.3	80.6	6.7
In compliance with no provision:				
Canada	48.6	71.9	71.9	4.4
Japan	37.6	37.6	37.6	4.7
Germany	35.3	68.0	66.9	4.9
Austria	16.6	19.8	18.2	0.6
Portugal	15.5	17.4	53.2	2.2
Italy	12.1	58.9	12.1	1.0
TOTAL D.A.C. COUNTRIES	54.7	78.3	74.6	5.3

Source: Development Assistance Efforts and Policies: Annual Review 1968 (OECD, Paris, 1968) Statistical Tables.

TABLE V

MAJOR ECONOMIC ASSISTANCE UNDER AID (\$ MILLIONS)  
FY 1966

Region & Country	Loans	Grants	Total
TOTAL TO ALL	1218.8	1324.6	2543.3
NEAR EAST & SOUTH ASIA	548.2	74.2	622.3
India	299.4	9.5	308.8
Jordan	7.9	34.4*	42.3
Pakistan	107.6	6.5	114.1
Turkey	128.9	4.1	133.0
LATIN AMERICA	505.4	142.0	647.4
Bolivia	21.8	5.7	27.5
Brazil	228.5	13.2	241.7
Chile	82.8	2.7	85.6
Colombia	70.5	4.9	75.4
Dominican Republic	39.5	54.3*	93.8
EAST ASIA	76.6	761.5	938.0
Korea	79.0	64.9*	143.9
Laos	--	54.4*	54.4
Thailand	.1	42.2*	42.1
Vietnam	4.0	584.4*	584.4
AFRICA	88.9	80.6	169.5
Congo	19.0	.6	19.6
Ethiopia	29.9	4.6	34.6
Nigeria	4.6	17.7	22.3
Tunisia	15.0	2.0	17.0

Source: Proposed Foreign Aid Programme FY 1968, Summary  
Presentation to Congress (AID, Washington, 1968).

\*It was pointed out earlier that military aid is disbursed in grant form. This serves to explain the high proportion of grant assistance to several countries, especially in East Asia where "security and stability programmes" predominate.

Canada's Efforts to Date

Turning at this point to Canadian foreign aid, one is struck initially by the relatively unspectacular emergence of Canada as a major aid provider. Unlike the United States, Canada's relations with Asia, at least until 1950, were almost non-existent. Those which did exist were characterized by negligible trade, indicating a rather detached interest in that part of the world. In fact, it was only with the advent of the Korean War and a subsequent perception of threat (be it ideology or instability) that Asia became significant in Canada's foreign policy considerations.<sup>26</sup>

This perception of a possible series of impending crises in Asia was to a great extent reflected by Australia, which at the time was the primary driving force behind a plan to establish an assistance programme whose ostensible purpose was to raise living standards and pre-

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For example, Lester B. Pearson, Canada's delegate at the conference, reported in a speech to the Commons justifying a Canadian commitment to the Plan: "There is no more important question before the world today than the Communist threat." Quoted in T. Peterson, Canada and the Colombo Plan 1950-1960 (Master of Arts Thesis, University of Manitoba, 1962) p. 22. Note that the response of the United States was affected in similar fashion (see description of U.S. programme above).

vent possible Communist insurgencies. Considering her proximity, Australia's active and initial concern for South Asian stability was not surprising.

In January of 1950, therefore, despite a few initial misgivings, the Colombo Plan was established. And yet, even with membership restricted to Commonwealth states alone, the Plan was unable to formulate or implement effective programmes thus causing many observers to cynically refer to it as the 'so-called Colombo Plan'.<sup>27</sup>

Canada, whose posture at that time might logically have derived from considerations of a more idealistic or moral nature, (this would appear to be appropriate especially in the initial stages in which humanitarian motives would 'progressively' and necessarily be precluded by considerations of 'efficiency') in fact appeared to be acting as a result of economic or political exigencies. This seems evident both from a reading of the

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Ibid., p. 28. Much of this apprehension was due to the United States, which, though present at several of the meetings, did not commit herself to any long term allocations. Moreover, Britain did not make definite commitments, citing her balance of payments problem as the deterring factor, while Canada and New Zealand pointed to other deterring obligations such as NATO. As a result, "...the Colombo Plan became in effect a nominal reference to all the various development programmes in South East Asia, a summary of national efforts instead of the international organization for which some of its founders had hoped." Ibid., p. 30.

available secondary sources and the actual analysis of the interviews, neither of which reveal moral obligations nor any general concern for the sufferings of the 'third world'.

To establish conclusively the validity of this assumption would, of course, require a rather more extensive and systematic assessment of that early period.<sup>28</sup> Nonetheless, the following statement is representative of the sentiments expressed generally by the interviewed officials, and tends to indicate that pragmatism substantially influenced Canada's decision to join the Colombo Plan:

The motivation for aid is that it was essentially a device to offset a formal foreign exchange requirement as resulting from devaluations of sterling currency originally in 1949. In this devaluation the price of the £ dropped from \$4.60 to \$2.50 which created a situation in which the currency reserves held were insuffi-

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This might be established empirically through a content analysis of the speeches, letters and memoranda, etc. of the leaders and officials most critically involved in Canada's decision to enter into the Colombo Plan. A comparable analysis pertaining to the American decision to commit itself to the Marshall Plan was conducted by Gilbert R. Winham, op. cit.

cient, especially the case in India, Ceylon and Pakistan. Consequently, aid programmes were set up; the Colombo Plan as a means to offset those currency and foreign exchange deficiencies...This is the actual motivation behind the Colombo Plan and continues to be an important factor today.

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Moreover, the justification most frequently expressed at the time of the Plan's formation also appears to verify the view that the more pragmatic aspects were primary. This is exemplified by the statement in 1951 of a spokesman for the Canadian Manufacturers Association who observed that:

Business is sold on the need for helping Asia to raise its standard of living if Communist imperialism is to be stemmed. Industry also realizes however that while their personnel are engaged in Asia, they will be acquiring experience and knowledge which will be of value when they come back to their own jobs. Moreover, Canadian technicians in the East will recommend Canadian equipment...In the same way, trainees from abroad employed in Canadian factories may well become valuable sales agents.

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This statement is taken from an interview conducted by this author with a CIDA official in Ottawa in February 1969.

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David Baldwin, "Canada Works Toward World Prosperity", Canadian Business, May 1951, p. 151.

Furthermore, the decision did not appear to be one which was subject to internal considerations only. Even at that formative stage, the predisposition of the United States, and Canada's constant awareness of her close ties to her southern neighbour comprised a foreboding decisional component. In effect, an all-out commitment by Canada would be contingent upon the extent to which the United States intended to comply with the Colombo programme.<sup>31</sup> This dependence on American sanctions and support appears most important if one realizes that the plan was ostensibly conceived as a Commonwealth response to what was evidently a Commonwealth responsibility.<sup>32</sup> Subsequently, although Canada's contribution

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Canada's delegate to the Colombo Conference, David Johnson, indicated that: "The Canadian government has felt from the beginning that its own contribution of dollars could not be considered entirely apart from the aid that comes from the United States." Quoted in T. Peterson, op. cit., p. 64. Though not as extensive as Peterson's work, a reasonable summary of Canada's assistance programmes (of which the bulk to date have been to the Colombo Plan) is provided by A.F. Plumptre, "Perspectives On Our Aid to Others", The International Journal, Vol. 22, No. 3, 1967.

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T. Peterson, op. cit., p. 30.

of \$25 million exceeded those of both Australia and New Zealand, it was made with no commitment to further allocations nor to long-term considerations. Canada, then, assumed a new role in world affairs, though remaining cautiously aware of her reliance on the behaviour and disposition of the United States.<sup>33</sup> In the sense that an 'effective' aid programme to this part of the world would require American support, this dependence, as in matters of defence policy, is self-evident. Moreover, if aid is accepted as a foreign policy component, then surely Canadian aid becomes a factor in American foreign policy considerations.

Canada's first contributions emphasized certain basic principles to which she has more or less adhered since that time. In fact, only in recent years, has she

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33

It is rather interesting to note that in none of the government's background publications, or in a talk on this subject given by the High Commissioner for Canada to Tanzania, Mr. A.S. McGill, was mention made of the United States' significant though possibly obscure role in the establishment of the Colombo Plan. A.S. McGill, "Aid to Tanzania", speech delivered to the Institute for Adult Education, Dar es Salaam, December 6, 1966. Nonetheless, both Peterson, Ibid., and Plumptre, op. cit., discuss the role of the United States in the programme's inception.

begun to reassess and implement new policies, realizing that the original principles are now becoming both unacceptable and unrealistic. For example, Canada's aid had been disbursed primarily in the form of 'Capital Assistance',<sup>34</sup> which consisted principally of "goods and services",<sup>35</sup> and which as a result facilitated the government's ability to determine the proportion of aid that should be of Canadian content (tied). Unlike initial disbursements from the United Kingdom and New Zealand, Canada's aid after 1951 was over 95% Canadian in content. To her credit, however, was the fact that until 1964 only a small percentage of these disbursements was in loan form, with the emphasis for the most part on outright grants.<sup>36</sup>

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34

'Capital Aid' denotes: "...funds, materials, equipment and associated services which contribute to the permanent economic and social infrastructure of a recipient country: while 'Technical Assistance' represents the transfer of skills and knowledge required to operate the recipient country's vital services." See Spicer, op. cit., p. 124.

35

In fact, Peterson points out that from 1950-1960, less than 2% of Colombo Plan aid was in the form of technical assistance; Peterson, op. cit., p. 55.

36

All of Canada's external assistance was made available in the form of grants until 1961, when loans were provided under the Export Credits Insurance Act. Export Credits are private allocations given on "hard" commercial terms. They are not included as official government flows. In 1964-1965, Canada did introduce 'development loans' on 'soft terms' as official aid.

As for the dispersal of Canada's aid, it has until recently, remained rather limited, with only small proportions going to Africa and Latin America. In 1958, Canada undertook a programme in the Caribbean which coincided with the attainment of independence by several of the islands. As a result, this area today is the recipient of more Canadian aid per capita than any other area.<sup>37</sup>

The upsurge of new African states during the late 1950's, both French and Commonwealth, provided Canada with a further opportunity to expand her foreign aid commitments. Following the Commonwealth Prime Minister's Conference in 1960, this country's first allocations were made to Commonwealth Africa,<sup>38</sup> followed a year later by a programme for the Francophone nations (in the latter instance it has been only in the last three years that

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37

For a complete picture see the figures published in The Canadian International Development Agency: Annual Review 1967-68, Queen's Printer, Ottawa, 1968, pp. 16-17. Clyde Sanger in his recent study, deals analytically with Canada's aid to this part of the world and provides interesting insight into the possible economic and political motivations inherent in Canada's presence.

38

These were established in partnership with Britain, Australia and New Zealand as the Special Commonwealth Africa Assistance Plan (SCAAP).

assistance has noticeably increased). In 1964, a Development Loan Fund to Latin America was created, through which projects were to be submitted for Canadian approval through the International Development Bank. The initial allocation of \$10 million (until 1968) continued to comprise Canada's annual contribution, although in 1957 a small-scale programme of technical assistance was added.

Needless to say, these first few years do reveal a cautious and somewhat "donor-oriented" approach, which might merely be interpreted as what Peterson refers to as: "...a manifestation of Canada's historical pre-occupation with the Atlantic region, misapprehension and fatalism among some of the Cabinet leaders, restrictive decisions at the administrative level, and uncertainty regarding public opinion."<sup>39</sup> In 1963, however, Canada began to display signs of a new confidence and a more dynamic policy, as she increased rather substantially the volume of her aid allocations (see Table VI).

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39

Peterson, op. cit., p. 155.

TABLE VI

CANADA'S FLOW OF OFFICIAL FINANCIAL RESOURCES TO LESS-  
DEVELOPED COUNTRIES AND MULTILATERAL AGENCIES  
1950-1968

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<u>Year</u>	<u>Millions of Dollars</u>
1950	0.4
1951	25.4
1952	25.4
1953	25.4
1954	25.4
1955	26.4
1956	30.0
1957	48.0
1958	91.0
1959	61.0
1960	75.2
1961	61.0
1962	54.4
1963	98.0
1964	127.7
1965	124.3
1966	211.7
1967	213.0
1968	254.2

---

Source: These figures are taken from the D.A.C. Statistical Tables 1968, and an unpublished paper by C.I.D.A. for circulation to agency personnel.

Though close to 50% of allocations continue to be directed to Colombo Plan and Commonwealth recipients, 1967-68 revealed a substantial drop in allocations to these regions, accompanied by significant increases in disbursements to both the 'Francophonie' and the Caribbean (see Table VII). Figures recently released indicate that total 1968-69 allocations will rise by almost 18% with an 87% increase to 'Francophonie', bringing French African allocations to \$22.5 million, and Caribbean disbursements to \$22 million from the previous figure of \$17 million.<sup>40</sup>

Moreover, this shift to French Africa is perfectly consistent with statements issued in recent years by Canadian leaders (this is also borne out in the interviews). For example, Mitchell Sharp has pointed out that

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40

These latest figures are taken from an article entitled, "The Canadian International Development Agency", External Affairs, September 1968, pp. 469-474, and are not available in the D.A.C. Annual Review 1968. Concerning the most recent estimates for the years 1969-1970, Maurice Strong points out that three-quarters of Canada's total bilateral aid was now concentrated in nine countries and one region, the Commonwealth Caribbean. The nine countries he listed are India, Pakistan, Ceylon and Malaysia in the Colombo Plan region; Nigeria and Ghana in Commonwealth Africa; Tunisia, Cameroon and Senegal in Francophone Africa. See Clyde Sanger, "The Do-Gooders Are Only 4 Percenters", The Globe Magazine, Toronto, October 18, 1969.

TABLE VII  
RECIPIENTS OF CANADIAN AID ALLOCATIONS

Area	1966-1967	1967-1968	
Colombo Plan	\$158,786.70	\$132,915.70	\$132 mill.
Commonwealth Caribbean Plan	14,185.00	17,250.00	17.2
Special Common- wealth Africa Assistance Plan	20,019.00	18,819.00	19.5
Independent French- Speaking African States	8,680.00	12,097.00	12.0
Latin America			22.0
Export Credits	61,324.00	64,366.00	64.3

Source: Canadian International Development Agency:  
Annual Review 1967-68, Queen's Printer, Ottawa,  
1968, pp. 36-38.

this reappraisal is: "...in the best sense politically motivated."<sup>41</sup> More specifically, he observes that:

"...Canada must make a special effort to establish a proper balance by increasing its relations with Franco-phone countries not only in Africa where our programme has been stepped up, but also in Asia and Europe."<sup>42</sup>

Thus, although the total volume of assistance (by the D.A.C. members) to less-developed countries appears to be increasing, Canada's share in 1967-1968 revealed a slight decrease (assessments by the D.A.C. fail to account for 1968-1969 allocations which appear to indicate a significant increase in Canadian volume). The figures establish that although official assistance at \$213 million was up slightly from 1966, reduced foreign aid investments and grants by private sources brought the total to \$253 million, which is down from the \$267 million of the pre-

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41

Quoted in K. Spicer, "Brains Over Bucks: The New Approach to Aid", The Globe Magazine, Toronto, March 15, 1969, p. 9.

42

Mitchell Sharp, "The Languages of Canadian Diplomacy", External Affairs, an address to the officers of the Department of External Affairs, September 1968. These political motivations are echoed by Prime Minister Trudeau: "...But at the present time, our paramount interest is to ensure the political survival of Canada as a federal and bilingual sovereign state. This means strengthening Canadian unity...Parallel to our close ties with the Commonwealth, we should strive to (cont'd.)

vious year. This represents only .44% of Canada's Gross National Product or .50% of National Income, the latter slightly more than half the amount Canada has pledged to provide by 1971, and the former to be attained at some time in the 1970's.<sup>43</sup> (See Tables VIII and IX.) Additionally, until this year, over 80% of Canadian assistance was in 'tied form', despite recommendations by international bodies that such practices deter 'development' through an unnecessary increase in price to the recipient.<sup>44</sup>

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42 (cont'd.)

dévelop a close relationship with the Francophone countries as an important instrument both in improving investments bilaterally and in contributing to national unity." P.E. Trudeau, Policy Statement, May 29, 1968, "Canada and the World", External Affairs, Vol. 20, May 1968.

43

Although the D.A.C. does not include 1968-1969 estimates in its most recent annual review, other sources do show an encouraging increase in Canada's aid volume. Furthermore, articles published since the D.A.C. review indicate that based on this year's allocations, Canada's effort both in volume and terms of aid has improved substantially and her rank in the forthcoming D.A.C. review should reflect this. See "New Plans for the Expansion of Aid", OECD Observer, Paris, No. 38, February 1969, and "OECD's Development Assistance Committee Recommends New Softer Terms of Aid", OECD Observer, Paris, No. 40, June 1969.

44

Maurice Strong, the President of CIDA, indicated recently that the percentage of 'tied aid' in 1969-1970 will be reduced to roughly 66%. See Spicer, "Bucks Over Brains", op. cit., p. 8.

TABLE VIII CANADA'S TOTAL OFFICIAL AND PRIVATE FLOWS

	Official	Private	Total
1956-57	\$ 30.0 mill.	\$75.6 mill.	\$105.6 mill.
1957-58	48.0	83.6	131.6
1958-59	91.0	64.1	155.1
1959-60	61.0	22.3	82.3
1960-61	75.2	69.5	144.7
1961-62	61.5	25.5	87.0
1962-63	54.4	55.2	109.6
1963-64	98.0	32.5	130.5
1964-65	127.7	14.1	141.8
1965-66	124.3	45.0	169.3
1966-67	24.7	55.0	266.7
1967-68	213.0	40.9	253.9
1968-69	254.0	63.0	317.0*

Source: D.A.C. Statistical Tables 1968.

\*

These latest figures are taken from "The International Development Agency", External Affairs, September 1968, pp. 469-474.

TABLE IX CANADA'S OFFICIAL FLOWS AND NATIONAL PRODUCT

	% National Income	% GNP
1960	.27	.20
1961	.22	.17
1962	.19	.14
1963	.32	.24
1964	.39	.29
1965	.35	.26
1966	.53	.40
1967	.50	.37

CANADA'S PRIVATE FLOWS AND NATIONAL PRODUCT

	% National Income	% GNP
1960	.25	.19
1961	.09	.07
1962	.19	.15
1963	.11	.08
1964	.04	.03
1965	.13	.09
1966	.14	.10
1967	.10	.07

CANADA'S TOTAL FLOWS AND NATIONAL PRODUCT

	% National Income	% GNP
1960	.51	.39
1961	.31	.24
1962	.38	.29
1963	.43	.32
1964	.43	.32
1965	.47	.35
1966	.67	.50
1967	.59	.44

Source: Development Assistance Efforts and Policies: Annual Review 1968 (OECD Publications, Paris, 1968) Statistical Tables.

Although these most recent D.A.C. estimates reveal that Canada ranks only eighth in the providing of grants as a percentage of National Income and that as yet, she is not in compliance with any of the provisions recommended by the D.A.C. in 1965, more up-to-date estimates based on 1969 forecasts would seem to indicate that verbally, at least, Canada is giving earnest attention to augmenting her programme to a level more in line with these recommendations (see Tables IX, X, XI and XII). This should provide a marked reversal in the trends resulting from the 1967 decrease in grants as a percentage of official commitments, which fell from the previous level of 91.2% to 74.4% (see Table X, Item 8).<sup>45</sup>

Finally though, it should be made clear that these apparently 'progressive' trends, and the professed attainment of targets, could quite conceivably be deterred

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45

In spite of progress by some donors, of which Canada was one, the terms of aid of D.A.C. members have generally deteriorated, with grants dropping from 60% of total disbursements to 55% of terms 'hardening'. Development Assistance Efforts and Policies: Annual Review 1968 (OECD Publications, Paris, 1968) pp. 60-62.

TABLE X

## STRUCTURAL COMPOSITION OF CANADIAN-U.S. AID 1966-67

Item	Canada		U.S.	
	1966	1967	1966	1967
1. Official Bilateral Assistance as % of NNP	0.45	0.39	0.57	0.52
2. Official Export Credits as % of Total Bilateral Commitments	10.0	33.4	10.3	18.9
3. Non-Project Assistance as % of Total Bilateral Commitments	60.4	31.3	67.7	54.1
4. Food Aid as % of Total Bilateral Commitments	47.3	23.7	33.8	31.0
5. Technical Assistance as % of Total Bilateral Commitments	8.8	8.7	14.1	15.6
6. Total Multilateral Contributions as % of Total Official Net Disbursements	14.7	21.6	3.1	8.3
7. Grant Element as % of Official Commitments	91.2	74.4	82.4	78.7
8. Untied Aid as % of Total Official Gross Disbursements	4.1	--	3.7	3.5
9. Total Private Flows as % of Total Flows	20.6	15.8	26.6	33.1
10. Private Export Credits as % of Total Private Flows	10.9	16.9	5.1	3.3

Source: Development Assistance Efforts and Policies: Annual Review 1968  
(OECD Publications, Paris, 1968) Statistical Tables.

TABLE XI

## COMPARATIVE AID GIVING PERFORMANCE IN 1967

Countries Ranked in order of Per Capita National Income	National Income		Total Official & Pri- vate Net Flows			Net Official Flows		Net Transfer		Grant *	
	Per Capita		Per Cap % of	% of	% of	% of	% of	% of	% of	% of	
	\$	Rank	Donor Nat'l Country Income	Nat'l Income	Nat'l Income	Nat'l Income	Nat'l Income	Nat'l Income	Nat'l Income	Nat'l Income	Nat'l Income
United States	3,290	1	28.0	0.85	10	0.57	7-8	0.53	6	0.51	7
Sweden	2,200	2	15.3	0.70	11	0.35	13	0.35	12	0.33	10
Switzerland	2,160	3	20.0	0.93	8	0.03	16	0.02	16	0.09	16
Canada	2,100	4	12.4	0.59	13	0.50	9	0.47	9	0.49	8
Denmark	1,920	5	5.1	0.27	16	0.30	14	0.30	14	0.26	12
Australia	1,790	6	15.4	0.86	9	0.79	3	0.79	3	0.74	3
Norway	1,660	7	8.0	0.48	15	0.25	15	0.24	15	0.23	13
France	1,640	8	27.0	1.64	2	1.02	2	0.98	2	0.95	1
Belgium	1,600	9	16.0	1.00	6	0.65	4	0.64	4	0.56	5
United Kingdom	1,580	10	15.8	1.01	5	0.57	7-8	0.49	8	0.57	4
Germany	1,510	11	19.0	1.26	3	0.61	6	0.52	7	0.48	9
Netherlands	1,460	12	18.0	1.24	4	0.62	5	0.60	5	0.55	6
Austria	1,090	13	6.5	0.60	12	0.48	10	0.44	10	0.22	14
Italy	1,020	14	5.4	0.53	14	0.38	12	0.34	13	0.19	15
Japan	910	15	8.6	0.93	7	0.42	11	0.39	11	0.27	11
Portugal	400	16	8.3	2.06	1	1.23	1	1.04	1	0.77	2
TOTAL DAC Countries	1,990	--	18.5	0.93	--	0.58	--	0.53	--	0.50	--

Source: Development Assistance Efforts and Policies: Annual Review 1968 (OECD Publications, Paris, 1968) Statistical Tables.

\*

Total grant disbursements + grant element of loan disbursements (discounted at 10%). See Annex I.

TABLE XII

## COMPLIANCE WITH THE 1965 D.A.C. RECOMMENDATION ON TERMS OF AID, 1964-1967

Countries Arranged in Order of Degree of Compliance in 1967 with Terms of Aid Recommendation <sup>1</sup>	Grants as % of Total				Grants and Loans at Interest Rate of 3% or Less as % of Total				Grants and Loans with Maturity of 25 Years or more as % of Total				Weighted Average Grace Period of Loan Commitments (Years)			
	1964	1965	1966	1967	1964	1965	1966	1967	1964	1965	1966	1967	1964	1965	1966	1967
In compliance by meeting the grant test:																
Australia	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	(a)	(a)	(a)	(a)
Norway	94.8	95.7	100.0	100.0	94.8	100.0	100.0	100.0	94.8	95.7	100.0	100.0	6.0	6.0	(a)	(a)
Switzerland	68.1	78.2	65.2	100.0	68.1	78.2	71.1	100.0	68.1	78.2	65.2	100.0	2.0	6.0	5.6	(a)
Belgium	97.0	97.9	94.3	92.0	100.0	100.0	100.0	99.4	97.0	97.9	94.3	92.0	4.5	4.0	4.3	4.9
Sweden	80.1	88.9	70.7	84.0	100.0	100.0	100.0	100.0	80.1	88.9	70.7	88.6	4.5	4.0	5.0	6.4
France	80.4	79.8	83.1	72.6	88.7	83.3	86.0	76.0	82.7	81.9	85.1	74.5	3.1 <sup>3</sup>	(2.8) <sup>2</sup>	(2.4) <sup>2</sup>	(1.8) <sup>2</sup>
Netherlands	75.2	70.8	75.5	71.5	81.4	82.4	98.1	94.0	92.1	95.7	88.1	94.0	3.2	4.1	5.9	6.3
In compliance with all 3 provisions of the alter- native test:																
Denmark	77.1	70.3	62.5	63.5	77.1	70.3	100.0	100.0	77.1	70.3	62.5	92.7	5.5	2.4	4.2	6.6
In compliance with 2 provisions:																
United Kingdom	54.4	55.2	49.6	57.2	60.8	70.2	93.1	89.8	91.8	84.4	95.4	95.6	5.1	4.8	6.0	5.5
United States	57.9	61.7	61.2	56.1	89.8	82.3	87.5	83.3	89.0	83.0	84.1	80.6	7.7	5.9	6.6	6.7
In compliance with no provision:																
Canada	50.8	54.1	77.0	43.6	63.3	77.1	91.2	71.9	63.3	77.1	91.2	71.9	4.9	6.3	6.5	4.4
Japan	50.8	37.2	41.5	37.6	50.8	51.6	41.5	37.6	50.8	37.2	41.5	37.6	4.5	2.4	4.5	4.7
Germany	49.5	42.6	41.9	35.3	78.3	70.5	86.5	68.0	62.4	47.5	70.6	66.9	4.4	3.6	5.6	4.9
Austria	20.7	13.8	15.6 <sup>3</sup>	16.6 <sup>3</sup>	25.6	25.8	24.4 <sup>3</sup>	19.8 <sup>3</sup>	20.7	13.8	15.6 <sup>3</sup>	18.2 <sup>3</sup>	1.4	0.9	0.6	0.6
Portugal <sup>3</sup>	17.8	28.7	22.7	15.5	39.1	38.7	39.7	17.4	19.0	80.1	82.0	53.2	1.4	3.8	4.1	2.2
Italy	44.3	21.0	13.4	12.1	78.6	65.2	73.1	58.9	44.3	21.0	13.4	12.1	1.5	0.7	0.8	1.0
TOTAL DAC Countries	60.0	60.3	59.5	54.7	84.2	78.5	85.0	78.3	84.1	75.4	78.2	74.6	6.4	4.5	5.3	5.3

Source: Development Assistance Efforts and Policies: Annual Review 1968 (OECD Publications, Paris, 1968) Statistical Tables.

should factors within Canada create systematic criticisms of our 'indulgent external philanthropy'. For to this point, Canadian aid programmes have not suffered the abuses of an Otto Passman, or the powerful regional anti-aid lobbies in evidence in the U.S. But then, the social problems which have, in part, inspired such opposition in the United States, have not yet manifested themselves in the same way in Canada.

Furthermore, though this description has tended to convey a picture of an increasingly 'progressive' effort on Canada's part, it nonetheless remains 'progressive' only within the context of those criterion established by 15 other donor nations, and not within a framework of recommendations provided by the recipients of foreign aid (this applies equally to the United States). This should be realized by all who are interested in foreign aid. The Development Assistance Committee itself, appears to be aware of this limitation, as is revealed in the following rather apprehensive observation:

Creating modern societies which will become like-minded as development proceeds should facilitate the building of a world community, with institutions which can reduce the danger of a global war...Fortunately for all of us none of these motivations need

be in conflict with the interests of those living in the developing world. They can share them fully.

46-

This statement then, describes goals which seem somewhat reflective of wishful-thinking, at least insofar as it reveals doubts as to whether the goals can be achieved. Moreover, it generally reflects the wishes of the West, and therefore, both the United States and Canada. Why these two states should be desirous of a "like-minded", "world community", and to what degree each concedes to the developing nations the right to determine their own "interests", in in part the subject of this study, and especially the following section. What has been revealed to this point, however, is the fact that historically, neither Canada nor the United States appears to have responded primarily from any purely humanitarian desire to ease the sufferings of the 'Third World', while at the same time, they have professed to know what is best for the aid recipient. In fact, the evidence tends to support the view that foreign aid has increasingly become a 'means' to achieving the 'whys' and 'whats' of national interest,

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46

Ibid., p. 17. The underlinings are those of the author.

namely, it has become a tool of foreign policy which has taken on added sophistication.

## CHAPTER IV

### CANADIAN PERCEPTIONS

The following chapter considers the purpose for Canada's and the United States' focusing of attention, in the form of foreign aid, on the Third World. The interview data will show, for example, that Canadian policy makers are not motivated by moral or humanitarian considerations and in fact, that they consider these factors important only insofar as they are helpful in maintaining public support for aid.

Canadian officials tend to stress two basic motivations for their foreign aid programme: first, and most importantly, the long-range goal of a stable and relatively homogeneous world, and secondly, national commercial interests. For instance, the perception of aid as beneficial to the emergence of a homogeneous world is supported by the fact that multilateral aid is viewed positively by most of the interviewed Canadians, while the importance placed on national commercial interests might be supported by the fact that a large proportion of Canadian foreign aid is given in 'tied form'.

Furthermore, although Canadian officials regarded aid as motivated by Canadian strategic interests, these interests were not viewed in an ideological or evangeli-

cal framework. As a result, Canadian policy-makers denied the use of foreign aid as a cold war tool in the Third World. What these strategic interests did consist of was long-run stability and the short-run strategic objective of alleviating Quebec's discontent by increasing aid allocations to French Africa.

#### Aid as Humanitarianism

Turning to the data, what then are some of the more widely held assumptions regarding the purpose and motivation behind Canadian foreign aid? Numerous authorities, both statesmen and scholars (statesmen more often publicly than otherwise), have on occasion invoked moral prerogative as foremost in the transfer of resources from Canada to the 'less-developed' nations.<sup>1</sup> The rhetoric of moral obligation for the alleviation of suffering and starvation is very often seen as the cradle in which aid programmes should be developed. Moreover, this is the motivating premise which is most frequently ascribed to Canadian external aid by the Canadian population in general.<sup>2</sup> But to what extent do the policy-makers themselves view humanitarianism as a motivating factor in the transfer of resources?

---

1

See footnote 4 of Chapter I.

2

The concept humanitarianism is significant only insofar as policy-makers express an awareness of it. To the extent they do however, it denotes the expression of a moral (cont'd.)

In responding to the question "To what extent do you think that humanitarian considerations are an important factor in the objectives of aid?" (see Table XIII), only four officials expressed the view that Canadian foreign aid is motivated primarily by humanitarian considerations. The other nine, though conceding that humanitarianism plays a minor role, perceived it as relevant only insofar as it provides the foreign aid programme with necessary public support, legitimacy and justification. This was summed up generally in the following responses:

When there is a famine, then it becomes important, almost as a direct proportion to the number of people starving. So with this emergency aid, the do-goodness, etc. humanitarianism is a factor of consequence. It accounts for a large amount of food aid, but not economic development.

...to the general public, humanitarian motives are important but at the government level it's a little more cold-blooded.<sup>3</sup>

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2 (cont'd.)

duty to give, deriving from the sentiment of fellow-feeling with others in their suffering. For a rather profound discussion of this concept's relevance, see Joseph Cropsey, "The Right of Foreign Aid", ed. Robert Goldwin, op. cit.

3

Interviews with Canadian government officials, Ottawa, 1969.

TABLE XIII

TO WHAT EXTENT DO YOU THINK THAT HUMANITARIAN CONSIDERATIONS  
ARE AN IMPORTANT FACTOR IN THE OBJECTIVES OF AID?

---

Primary	4
Public Support Only	9
TOTAL	13

---

This government perception of humanitarianism, as merely the naive justification of an uneducated public is further substantiated by the fact that eight of the officials concurred in the view that the general public did not understand the purposes of the foreign aid programme (see Table XIV). Only one official responded to the contrary.<sup>4</sup> This indicates that those sentiments which the public usually interprets as motivating aid, in this case humanitarianism, are in fact far from the concerns of official policy-makers.

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4

With regard to humanitarianism among American officials, the responses revealed that none of the five Americans viewed humanitarianism as in any way germane.

TABLE XIV

WOULD YOU SAY THAT THE CANADIAN PEOPLE COMPREHEND THE PURPOSES OF THE FOREIGN AID PROGRAMME? TO WHAT EXTENT?

---

No	8
Yes	1
Don't Know	3
TOTAL	12

---

Aid as a Commercial Benefit

If moral factors are not considered significant, what then are the formative aspects which go into the structuring of aid programmes, and which of these factors emerges as paramount in the view of those who make policy? One notion contends that the prospect of enhancing Canada's economic and commercial position through the 'development' of resource-rich though capital-poor states is what to a great extent has motivated Canadian policy-makers. Others would argue that this could not be the case as these purported benefits just do not exist.<sup>5</sup> And yet, despite

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5

This is one of the supposed "myths" which Keith Spicer attempts to invalidate. See Keith Spicer, op. cit., Ch. 1. Yet, there are those who would contend that regardless of the validity of Spicer's argument (itself rather tenuous), policy derives from perceptions of reality, rather than reality itself. So whether or not Spicer is correct remains superfluous. See for example Kenneth Boulding, (cont'd.)

this controversy (albeit largely academic) the interviewed officials were virtually unanimous in their perceptions of the possible commercial and economic advantages. For example, in responding to the question, "Do you see aid as a direct stimulus to Canadian exports?" (see Table XV), twelve of the respondents answered positively, though none viewed it as a leading justification for aid.<sup>6</sup> As one of the Trade and Commerce officials observed: "We try to see that aid is used for introducing products likely to have a continuing demand. Products with labels versus staples, which would continue after we reach the takeoff point. After all, we will provide a product only that we are competitive in."<sup>7</sup> Furthermore, the only official who did answer to the contrary, concluded with the remark that such advantages, "...may exist in the future."

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5 (cont'd.)

"National Images and International Systems", ed. James Rosenau, International Politics and Foreign Policy (The Free Press, New York, 1961), also K.T. Holsti, op. cit. and Alexander George, "The Operational Code: A Neglected Approach to the Study of Political Leaders and Decision Making", International Studies Quarterly, Vol. 13, No. 2, June 1969.

6

Interestingly, however, several of the CIDA and External Affairs officers did cite these motives as quite possibly the primary ones among Trade and Commerce officials.

7

Interviews, op. cit.

TABLE XV

DO YOU SEE AID AS A DIRECT-STIMULUS TO  
CANADIAN EXPORTS?

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Yes	12
No	1
TOTAL	13

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With this same general theme in mind, a similar question dealing with the probable effects of foreign aid on world trade was asked. (See Table XVI.) It resulted in the positive response of eleven officials with one summing it up in the following manner: "to the extent you are successful in development, then you are creating world markets." Moreover, the two officials who denied aid's contribution in this regard, referred specifically to the marginal benefits of the Canadian aid programme -- citing it as too small -- rather than foreign aid in general.<sup>8</sup>

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8

It is interesting to note that like the Canadians the five Americans responded positively to both these questions, thus indicating a perception of commercial advantage. Once again, however, these advantages were never cited as the most important justification for foreign aid. It also seems worthwhile to compare the degree of importance that these respective states place on these commercial benefits. For example, in responding to a question which inquired as to the greatest threat to national security, the loss of trade markets was cited twice by Canadian officials (cont'd.)

It seems, therefore, that a perception of potential commercial benefits does play a part in the formulation of Canadian policy with respect to aid.

TABLE XVI

DO YOU PERCEIVE IT THEN AS AFFECTING WORLD TRADE AND IF SO,  
TO WHAT EXTENT?

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Yes	11
No	2
TOTAL	13

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Aid as an Economic Benefit

Similarly, an awareness of the potential economic advantage was also displayed by the Canadian officials, with nine respondents conveying perceptions of aid as an increasingly significant stimulus to Canada's economy (see Table XVII). Although not invoked as the most important consideration, precise benefits were outlined. "If for alleviating

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8 (cont'd.)

(of three perceived threats, it was the second most significant) while with their American counterparts this factor was not even considered (again, of three threats mentioned). Though tenuous, this nevertheless seems to indicate that a slightly greater degree of importance is placed on these long-term commercial advantages by the Canadians than by the Americans.

unemployment, yes...its effects are the same as any other pump priming tool...it becomes an aspect of the inflationary process. Besides, between 80-90% is initially spent in Canada<sup>9</sup>...So this both stimulates the economy and ends up paying its full price with the achievement of full employment."<sup>10</sup> Four of the respondents expressed the contrary view that no economic benefits would likely come from foreign aid.<sup>11</sup>

TABLE XVII

DO YOU PERCEIVE AID AS AN IMPORTANT FACTOR IN STIMULATING CANADA'S ECONOMY?

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Yes	11
No	2
TOTAL	13

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<sup>9</sup>

This figure has since been reduced to 66%.

<sup>10</sup>

Interviews, op. cit.

<sup>11</sup>

The American respondents displayed far less concern or awareness for any possible economic advantage. Three of the respondents saw no advantage at all, while the two who did, saw them as only very minor in nature. Moreover, the general comprehensiveness of the responses were in themselves revealing, with the Canadians responding at greater length and in more detail.

Despite the actual advantages which Canada does or doesn't derive from foreign aid, Canadian aid officials appear to perceive both commercial and economic benefits, though admittedly they tend to be regarded as only residual or of a secondary advantage. An idea of the actual degree of importance which officials place on these benefits, that is in contrast to possible political, strategic and/or development motivations, will be discussed in the following section. One should keep in mind, after all, that aid is the result of the interaction of a number of diverse considerations, though this is not to say that a most important consideration cannot emerge in each case, or with regard to each situation or programme.

#### Aid as a Strategic Tool

To what extent then, are political and strategic factors perceived as significant? And precisely what elements combine to produce these factors? More specifically, can one establish whether Canadian officials place the greatest priority on 'development' as an end in itself, rather than a means to the promotion of their own selfish interests?<sup>12</sup> For if aid is considered merely a means to an

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12

For an analysis of where such nominally inadvertent neglect has occurred, see Krassowski's discussion of American aid to Tunisia. Andrzej Krassowski, op. cit., Ch. 6.

end, the likelihood is that the primary emphasis will be placed on factors other than those whose primary concern is with 'development'. For example, the consolidation of a regime in a recipient country, which is sympathetic to Canadian commercial and investment policies, rather than funds for the training or lending of agronomists, etc. Moreover, it is conceivable that a number of the 'non-development' objectives might converge and quite inadvertently preclude the significance placed on 'development'. In either case, whether intended or otherwise, 'development' becomes the secondary consideration.

In response to the following question "What do you feel are the primary objectives of Canadian external aid?", three basic themes emerged. (See Table XVIII.) Unlike the questions dealing with the economic and commercial benefits which actually mentioned the benefits in the question, this is completely open-ended and was asked prior to those questions just discussed.

As several of the respondents designated more than one objective in each response, the general significance which will be accorded to each theme will vary with the number of times each was cited. For this reason, the total in Table XVIII will indicate 15 responses. Surprisingly, two of the identifiable themes, together comprising a total of ten responses, were what could be classified as 'strategic',

denoting the perception of aid as a means to achieving a precise end other than 'development' (precise in the mind of the policy-maker at least). The theme which emerged most frequently was that of aid as a long-term strategic tool with its ends, "peace", "stability", and "the resolution of conflict", cited on seven occasions. Typical of these responses was the remark of the following official who stated that, "Basically the long-run political purpose is one of creating peace and stability in the world, again largely political and economic. There is some egalitarianism involved no doubt, in the sense that the gap between the rich and the poor is terribly wrong."<sup>13</sup>

The perception of aid as a short-term strategic tool, that is as a means to achieving a short-run political end,<sup>14</sup>

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13

Interviews, op. cit. I might add that this long-run objective was further substantiated by the responses to the following question: "Do you think that the objectives of aid are concerned with the preservation of world peace?" Nine of the officials concurred in the view that aid constitutes a deterrent to violence, while at the same time contributing to peace in the long-run. In contrast the three remaining officials viewed aid as the very cause of violence in the short-run.

14

The long-term might be defined loosely as denoting goals already established, towards the attainment of which an express policy is directed (likely to be in excess of ten years). The short-term, however, connotes a response to what is generally viewed as an unforeseen contingency, very likely ad hoc policy concerned primarily with the alleviation of imminent or current problems. Joan Nelson refers to them as "bail-out" actions, as one-time measures intended to achieve specific goals in the immediate future.

was referred to on three occasions. In the course of their responses, officials did not convey any deep ideological prerogative, and in fact, they appeared to be motivated by a very general concern for Canada's numerous internal problems. I employ the term "general" with regard to this particular question, for it was obvious that at no time were these officials noticeably precise as to 'how' aid might, in fact, be employed as a short-term tool. The most candid, or perhaps the most enlightened of the three, observed: "We select areas of interest for domestic reasons. We keep the Caribbean because we don't wish to see American dominance in that area..."<sup>15</sup> Apparently then, the operational 'hows' of the strategic perceptions, both short and long-term, remain obscure. The tendency was to express them in general terms only, in the broader context of policy rather than programme (some indication of how Canadian policy employs aid as a short-run tool will be examined later). For some idea

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15

With regard to this response, Clyde Sanger speculates that on the contrary, Canada emphasizes aid to the Caribbean because of the very fact that the United States would prefer to see Canada involved (for better or for worse) rather than herself. Whether by tacit or formal acquiescence, I would contend that this remains a safe assumption, especially in light of the fact that the Canadian economy is composed largely of U.S.-owned subsidiaries and branch plants. See Clyde Sanger, Half a Loaf (Ryerson Press, Toronto, 1969). For discussion of the extent to which Canada does constitute a branch plant of the U.S. economy, one can consult numerous sources. Among the many (cont'd.)

of what the more precise short-term, as distinct from 'development' goals, might consist of in terms of policy, we can examine the goals with which the United States has been primarily concerned. Joan Nelson has outlined the "short-run purposes" for which aid (or the withholding of aid) was used between 1961 and 1966:

1. Buy time for new regimes to consolidate their position and formulate programmes of action.
2. Bolster governments faced with acute financial crises, due either to special and temporary problems or to chronic conditions.
3. Relieve politically threatening unemployment, or counter other specific political threats.
4. Attempt to influence the outcome of elections, or to ensure that the elections are held.
5. Register disapproval of military coups and encourage the early scheduling of elections.
6. On rare occasions, to attempt to alter the composition of a government, outside the context of elections."

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15 (cont'd.)

Aitken, A.G., American Capital and Canadian Resources (Harvard University Press, Cambridge, 1961), Brewster, K., Law and U.S. Business in Canada (Private Planning Association of America, Montreal, 1960), Holmes, T.W., "Interdependence: Political Aspects", The Canadian Forum (February 1969, pp. 245-246), Levitt, K., "Canada: Economic Dependence and Political Disintegration" (unpublished paper, an extended version of which will be published as a book by MacMillan in 1970), Reuber, G.L. and Roseman, F., The Take-Over of Canadian Firms: 1945-1961 (Economic Council of Canada, Ottawa, 1969).

This is not to say, however, that Canada operates with any of these objectives in mind, and in fact as later discussion will show, the short-term objective which is relevant to Canada does not concern itself directly with affecting the recipient, as do those above.

The third theme with which Canadian policy-makers identified, was that of aid for the purpose of the Long-Term Development of the recipient society; a motivation classified as non-strategic in that 'development' was in this instance viewed as an end in itself. This theme was designated on five occasions (subject, of course, to each official's definition of 'development'). Combining this theme with the long-term strategic responses (twelve times), it becomes apparent that despite the lack of operational preciseness in the latter theme, Canadian officials at the conscious level, do not generally exhibit perceptions of aid as a tool of short-term policy.

TABLE XVIII

WHAT DO YOU FEEL ARE THE PRIMARY OBJECTIVES OF CANADIAN EXTERNAL AID?

Long-Term Strategic	7
Short-Term Strategic	3
Long-Term Development	5
TOTAL	15

Needless to say, they do tend to regard 'strategic' objectives as very important in aid deliberation.<sup>16</sup>

What then are the primary components of these strategic motivations, and do they constitute more than the very universal goals denoted by "international stability" and "development"? Surely such catch-all terms ultimately comprise the desires of all 'progressive' policy-makers. Wouldn't it perhaps be more appropriate to inquire as to what extent these general objectives might be viewed as compatible with 'development' through the application of state-controlled and highly centralized societies congruent with Marxist or Soviet models of 'progress'? Moreover, would not the attainment of such objectives tend to be limited by perceptions of 'cold war' exigencies, or is it in fact due to the 'cold war' that such general ends are considered primary? One should recall that the circumstances which first appeared to impel Canada into joining the Colombo Plan were perceived in a highly ideological or threat-conscious en-

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16

Although the 'strategic' objectives of 'peace' and 'stability', etc. emerge as of greatest significance, the extent to which the perception of the possible commercial and economic benefits for example, converge with, or constitute an aspect of the former, would be difficult to establish.

vironment.<sup>17</sup>

### Perceptions of Foreign Policy

Having established earlier in this chapter that foreign aid is not motivated by moral considerations, but rather by 'strategic' ones, we can now conclude that aid is largely viewed by Canadian officials as a tool of Canadian foreign policy. This assumption received further confirmation from the results of a direct question, which asked: "Should aid be a function of Canadian foreign policy?" Eleven officials answered to the affirmative. As one put it, "It can't help but be; the two are synonymous."<sup>18</sup> Only one official denied its use as a tool of foreign policy. Assuming aid to be a function of Canadian foreign policy, can we then proceed one step further so as to establish more precisely what those foreign policy perceptions are, and how the aid considerations discussed thus far relate to these perceptions? In response to the following question: "In

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17

This was the era of the Truman Doctrine, George Kennan's 'containment' policies, the 'witch hunts' of Senator McCarthy and phobias of John Foster Dulles; an era in which the western world in general was 'aroused' to the 'dangers' of a communist collosus, and an era in which Canadian forces helped counter the threat in Korea.

18

Interviews, op. cit.

terms of government goals, what do you perceive to be the most important feature of Canadian foreign policy?", (see Table XIX ), five general themes were designated as most significant. The most frequently alluded to was that of 'world stability' and a 'world community', so as to "... ensure that Canadians won't become involved in armed conflicts."<sup>19</sup> Moreover, this particular theme revealed no overt hint of policy as a purposive response to any perceived ideological or national threats. Furthermore, this theme is quite consistent with the lack of an ideological or national threat exhibited in response to question 6: "What is the greatest threat to Canada's security at this time?" (See Table XXI.)<sup>20</sup>

Secondly, Canadians referred to the objectives of national unity and national sovereignty. This was designated as a primary feature of foreign policy objectives on three occasions, and appeared to reflect the concern accorded the possible separation of Quebec, as well as the

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19

Ibid. Interestingly enough the American officials exhibited a somewhat similar perception in which the objectives of 'world stability', 'order', 'predictability' and 'community' were mentioned on three occasions (that is of three 'themes' and eight 'times' mentioned). These objectives denoted a general desire to maintain the status quo with only a gradual change towards some form of homogenized community.

20

It would no doubt be interesting to examine the (cont'd.)

increasingly ominous presence of American economic interests. The third theme, that of 'universal' economic and social development, was stressed on three occasions while the two remaining motivations, "trade benefits" and "west bloc membership--should contribute to U.S. economic interests", were discussed respectively on one occasion only.

TABLE XIX

IN TERMS OF GOVERNMENT GOALS, WHAT DO YOU CONSIDER TO BE  
THE MOST IMPORTANT FEATURE OF CANADIAN FOR-  
EIGN POLICY?

---

Community - Stability, Dispute Avoidance	7
National Unity - National Sovereignty	3
Economic - Social Development	3
Trade Benefits	1
Western Bloc - U.S. Economic Interests	1
TOTAL	15

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20 (cont'd.)

responses to this same question today, when both these views, national sovereignty vis a vis the United States, and unity vis a vis Quebec, have taken on added significance and urgency.

The significance of the distribution to this particular question is that it indicates a similarity to the distribution of the themes exhibited in response to question 2: "What do you feel are the primary objectives of Canadian external aid?" (See Table XVIII.) As a result, it substantiates further the existence of an almost synonymous perception of aid with that of foreign policy. For example, with question two, the long-term strategic aid goals were "peace", "stability", and the reduction of conflict, while the short-term strategic goal was placating Quebec. Both of these coincide with the two most frequently cited goals of Canadian foreign policy.

#### The Relevance of the 'Cold War'

With the thought of establishing whether contemporary policy-makers consider aid to be an important 'cold war' tool, the Canadian officials were asked: "To what extent do you think that the objectives of aid are concerned with a reasonably successful prosecution of the Cold War?" (See Table XX.) Conveniently, the responses emerged once again as virtually consistent with the aforementioned view that foreign aid, as a tool of foreign policy, is for the most part concerned with facilitating the evolution of a "world community" and a state of "conflict avoidance". Had the responses to this question been overwhelmingly positive, it is conceiv-

able that precise reference to a Communist or Soviet threat would have been made in response to question 6 (although this question will be dealt with separately, for the moment refer to Appendix I). Moreover, if aid had been viewed in a cold war context, it is reasonable to assume that the primary perceptions of foreign policy would not very likely have been the concern for "stability" and universal "peace and development". Yet, eight officials declared that aid was not considered a means to furthering cold war objectives, with several adding that it was primarily such practices by the United States which have served to intensify and create anti-American feeling in the "Third World". As one official observed:

I don't think that it has been. In fact, there are some notable cases which indicate that we haven't been doing this. In fact, in some instances, we have been doing just the reverse. For example, Canada is the only Western bloc nation aiding the state of Kerala, a Communist government, to which we have provided several million dollars. In Vietnam provinces known to be completely controlled and dominated by Communists and Viet Cong, continue to receive Canadian aid.

21

In addition, of the five officials who did indicate a perception of aid as a "Cold War" tool, three did so only to

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21

Interviews, op. cit.

the extent that aid was successful in "winning friends", a far cry from the more conventional notions usually associated with the cold war (for example 'confrontation' and 'nuclear balances').

TABLE XX

TO WHAT EXTENT DO YOU THINK THAT THE OBJECTIVES OF AID ARE CONCERNED WITH A REASONABLY SUCCESSFUL PROSECUTION OF THE COLD WAR?

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Not at all	8
To some extent	5
TOTAL	13

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Moreover, the perceptions expressed as a response to question 6: "What is the greatest threat to Canada's security at this time?", (see Table XXI), appear to parallel the 'stability' and 'non-cold war' themes previously designated. Ten responses stressed concern for the likelihood of some form of nuclear war between the major powers, although no specific state was identified as a possible direct threat to Canadian security. In addition, officials designated on two occasions the possible loss of external markets for trade, while depression on an international scale, constituted the final 'threat'.

TABLE XXI

WHAT IS THE GREATEST THREAT TO CANADA'S NATIONAL SECURITY  
AT THIS TIME?

---

Nuclear War	10
Loss of External Trade Markets	2
International Depression	1
TOTAL	13

---

Despite the responses negating the Cold War as an aid factor, Canadian policy-makers did elicit a cold war posture in a non-aid context.

For example, one of the more interesting and ultimately most consequential series of responses, were those dealing with the question of Canada's role in NATO. The question asked: "What is your feeling on Canada's present and future involvement in NATO?" (See Table XXII.) Originally, it had been my intention to include this question so as to establish if the manner in which aid is perceived might vary according to whether an official expressed a 'hawkish' or 'dovish' response with regard to Canada's role in Europe. Considering that at the time these interviews were administered (February 1969), this question was one of the most controversial of the issues under scrutiny in

Prime Minister Trudeau's foreign policy review, one would have expected at least some variation in the responses. Moreover, when we consider the consistency of the responses pertaining to the 'stability' and 'non-Cold War' dimensions, is it not conceivable to expect that the distribution of responses might favour some form of revision or withdrawal from Europe. For surely, the consolidation of such non-military objectives is limited by policies which initially serve to prolong and exacerbate 'Cold War' animosities. Remarkably, however, all the Canadian respondents felt that Canada should continue to maintain her present commitment in Europe.<sup>22</sup> This view was justified on two grounds. Firstly, six officials asserted that "some sort of threat" continued to manifest itself and for that reason, the status quo should be prolonged. The five remaining officials expressed a concern for the 'cost-benefits' which Canada derives from continued membership and such close relations with the United States. As two of the respondents observed:

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22

Note, however, that these interviews were administered prior to Prime Minister Trudeau's disclosure that Canada's role in NATO warranted revision and a gradual military withdrawal.

Frankly, I don't think we should have defence forces at all. The United States is our umbrella...for us it becomes largely a technical question. Besides spending on defense and aid is a bargaining point. The fact that we cooperate with the United States, and that we are spending in the interests of the American power bloc, we get consideration in Washington. For example, import and trade quotas, etc. It's like welfare to Canadian economics.

23

...the exchange argument that through association we are provided with information that we on our own are just unable to carry out, finance and research, is really a plus ten factor. It really is fantastic the technological and scientific benefits we are able to derive just through our association with the United States.

24

At first glance, these responses do not appear to be consistent with those which earlier showed that Canadian aid is not considered an instrument of the cold war, and that no single national or ideological force poses a threat to Canada's security. Moreover, it presents a posture contrary to more benign assumptions which one might generally attribute to officials and Canadian policy in general. How then can one interpret as consistent, this apparent inconsistency?

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23

Interviews, op. cit.

24

Ibid.

TABLE XXII

WHAT IS YOUR FEELING ON CANADA'S PRESENT AND FUTURE INVOLVEMENT IN NATO?

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Should Withdraw or Revise	0
Should Maintain Commitment	12
(Due to 'threat')	6
(Due to 'cost-benefit')	6

---

Accepting the reasonably wide variation in justifications (from a 'threat' to 'cost-benefit' motives) the responses might simply indicate that the interviewed officials, because their foremost official concern is with questions of aid, had not thought through the full implications of their response to this particular question, and as a result, were expressing what was essentially an a priori reaction to a situation with which they were largely unfamiliar. Even more likely, (especially with those who did perceive a 'threat'), is a situation in which each official conceives of NATO as existing within a framework remote from the context in which he views the Third World. After all, Canadian aid concerns itself with the 'developing areas' only, not Europe. Assuming this to be the case, is it not reasonable to posit that the official -- necessarily compelled to focus his attention on the Third World -- might

not perceive a Soviet or Communist threat (ideological) in this area? This would in part account for the absence of the perception of aid as a 'cold war' tool, and with the positive response with regard to 'world stability' and 'dispute avoidance' (again the question was asked and perceived in an aid and therefore Third World context). At the same time, this appears to be compatible with the perception of a national or ideological threat in Europe, where aid is not a factor. The question relating to the cold war was asked with reference to aid and would not, therefore, be related with Europe. Presumably, in a European framework, the 'Cold War' still continues to comprise a very real component of the perceptions of Canada's aid officials. The positive view, therefore, supportive of Canada's presence in NATO, appears understandable. So also do the concepts of 'world stability' and 'dispute avoidance'. Moreover, if one accepts the assumption that NATO is implicitly perceived as facilitating the maintenance of a stable balance, and at the same time acting as an effective deterrent, the internal consistency of the various responses, emerges as clear.

It is evident then, that aid is perceived in what for the most part is a 'national interest' or donor-benefit framework, although the explicit 'hows' of the question tend to remain obscure. Nonetheless, one clear indication of

how aid is 'applied' at the operational level did emerge. If we examine the concentration of aid allocation by country and the policy-maker's perceptions of this distribution, an operational application of aid is evident. For example, 'national unity' and 'national sovereignty' were designated on three occasions as primary objectives of Canadian foreign policy and, therefore, 'national interest'. (See Table XIX.) Perceptions of a present or necessarily impending shift in aid flows to Francophone Africa, might indicate that aid is being employed to involve and satisfy that section of the population which "threatens to destroy any hope of lasting unity." Such a policy would serve to provide a response to the criticisms expressed by many of Quebec's leaders and intellectuals, who in recent years, have been increasingly critical and resentful of a foreign policy which purports to reflect the bilingual and bicultural nature of Canada.<sup>25</sup> In response, therefore, to a question concerning the desirable future shifts in area allocations, officials most frequently to Francophonie (on four occasions), followed by Latin America (three times) and the Caribbean (three times).

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25

More recent manifestations of this presently self-assertive impulse, have been exhibited by Quebec's claims of representation at several international conferences, notably in Niger and Gabon.

This received further support from references which were made during conversations following the structured part of the interviews. In these informal and, therefore, more candid asides, officials readily discussed the reasons for this new emphasis. As one of the two External Affairs officers remarked: "Political considerations depending on the situation, will play a part, of course, for example in the Francophonie. There's no doubt about it, we are, in fact, attempting to project domestic problems, to give Quebec and French Canadians, a sense of participation. Yet, these areas still require aid nonetheless, as much as the Commonwealth countries."<sup>26</sup> This seems to acknowledge the view that in terms of Quebec, and the disturbing effect her separation would no doubt have on Canadian national unity, short-term strategic considerations, though not necessarily inspired by evangelic or ideological notions, are very much a factor at the more precise, allocative level of aid.

Nevertheless, we are still left without an answer to why officials, when asked to identify Canada's objectives,

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26

In supplement one might re-examine the discussion presented in this regard on pp. 52-56 of this study. In addition see TABLE VII.

(admittedly within a general context) failed to project even this particular issue to the level of aid as a short-term strategic tool. It is almost as if a conscious concern for such short-term 'political' factors were somehow unethical or Machiavellian, something unbecoming to Canada's past 'enlightened' and ostensible posture as a 'neutral'. Needless to say, the motivation just quoted is certainly not inappropriately classified as short-term strategic, nor for that matter, could it in any sense be described as subtle.

In summarizing this chapter, therefore, it should be apparent that the perceptions of Canada's aid officials can for the most part be identified as 'strategic' in nature. 'Development' as an end in itself, was not considered significant to the same degree. The composition of the strategic ends projected an ultimate view of the world as 'stable', 'peaceful', and relatively homogeneous. The more precise motivations, identified as residual or incidental in nature, consisted of the potential for economic and commercial benefits. Finally, it should also be apparent that Canadian policy-makers, verbally skeptical of short-run motives, are not themselves above employing them, although admittedly, they remain 'non-offensive' and explicitly 'non-ideological'.

In conclusion, therefore, what can be said with regard to the total aid process? Obviously, aid programmes

are not formulated in a conceptual vacuum. The concepts, criteria and the experience from which specific projects are allocated, derive to a great extent from the general milieu in which the policy-makers exist. As a result, aid programmes established by the Soviet Union or China are likely to reflect and accord priority to those aspects of the Soviet or Chinese experience most highly valued. One does not, for example, see Soviet aid attempting to develop an economic environment conducive to private investment. By the same token, the United States would be unlikely to encourage capital importers to nationalize, expropriate or employ deficit financing.

What this suggests is that Canadian policy-makers and the perceptions from which they formulate policy are very much a function of their contemporary economic and cultural experience. As a result, their aid perceptions which were shown to elicit a view of economic, not political 'development', will likely reflect the values of a highly consumer-oriented society. As the following chapter will show, the policy-makers' perceptions appear to constitute the relevant link between the Canadian economic milieu and Canadian aid and foreign policy in general.

## CHAPTER V

### CANADIAN-AMERICAN PERCEPTIONS COMPARED

Having identified the basic considerations of Canadian aid policy, we will now shift the analysis to the more vital question of to what extent and in what general areas Canadian perceptions and policies vary from those of the United States.<sup>1</sup> Despite the methodological limitations mentioned in an earlier chapter, the comparison seems useful, for the sample of five American officials displays certain characteristics favourable for this study. For example, the variation in the themes they expressed were few, and consistent. Furthermore, the respondents themselves were officers of senior rank, all over the age of thirty-five and therefore more likely to reflect actual

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On the more general theoretical level, two schools of thought regarding the roles of individual Western states have been most prominent. The first holds that the Western state system in general and NATO in particular, have strong cultural incentive to join together, sharing not only values and aspirations, but also the responsibility of aid to the Third World. The position taken by its exponents, for example Henry Kissinger, The Necessity for Choice (New York, 1961) is that this cultural heritage will outweigh policy differences among them. In contrast, the 'Realist' school of Hans Morgenthau views common action among states as the product of national interest: hard-headed appraisals of contributions of aid programmes to each nation's long-run security interests, and not humanitarianism or altruism.

policy than would younger and more junior officials. In addition, their responses coincide with the conclusions established by numerous other works on American foreign aid and foreign policy, both empirical and speculative-  
valuative.<sup>2</sup>

### The North American Milieu

Having earlier suggested that perceptions constitute the main link between the aid donor's domestic environment and his actual aid policy, we might also examine the relevance of this model in the context of a Canadian-American comparison. This would suggest that the perceptions emerging from the data, whether distinctive or similar, will reflect the respective economic, cultural and historical milieux of these two nations. Similarly, these perceptions should be manifested in their aid and foreign policy programmes.

Though the foreign aid policy of Canada appears to be operationally and substantively distinct from that of the United States, one should recall that the capital, the

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Most prominent in this regard are Joan Nelson, Aid Influence and Foreign Policy, op. cit.; Robert Packenham, Foreign Aid and Political Development, op. cit.; Harry Magdoff, op. cit.; and David Horowitz, From Yalta to Vietnam: American Foreign Policy in the Cold War (Penguin Books, London, 1965).

projects, the technology, the methods and the advisors transferred in the process naturally come from North America. Therefore, the long-term results of the economic aspects of these two programmes are likely to be similar, despite the differences of allocation. Both Canada and the United States are highly industrialized, consumer societies, exhibiting social and economic values which derive from a free enterprise system. Many authorities would contend that, in addition, such a system virtually sanctifies the component values of a scientific world view.<sup>3</sup>

The acknowledged economic dependence of Canada, on the United States, further results in the implementation of policies which could rarely, if ever, emerge as contrary to America's essential disposition. That is to say that the 'impermeability'<sup>4</sup> of Canada as a sovereign territorial

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No doubt this premise to some extent would serve to confirm the 'Western Community' theorists à la Henry Kissinger, although one should be cautious of placing too great an emphasis on such a total view, for within this basic framework states do necessarily differ in terms of 'how' they perceive their varied resources ought to be put to use. Nonetheless, the fundamental values remain relatively similar. For an excellent examination of the dominant cultural and ethical components as they effect North American life see J.K. Galbraith, The New Industrial State (Signet Books, New York, 1967), Theodore Roszak, The Making of a Counter Culture (Anchor Books, New York, 1969) and also George Grant, op. cit. All, of course, discuss at length, the extent and the implications of the 'scientific world view', though Roszak's discussion entitled "The Myth of Objective Consciousness" provides perhaps the most lucid account of its pervasiveness.

4

The term 'impermeability' and the process of which (cont'd.)

state is increasingly being eroded by the emergence of dependencies. These are derived from the almost universal desire for the benefits of what is basically American technology and 'progress'. This same desire is present in varying form and degree, in both Canada and the Third World. It is 'enhanced' by the concurrent use and application of the new techniques and tools of policy, such as foreign aid and/or foreign investment.<sup>5</sup> As a result, both Canada's inclination and ability to pursue a more 'independent' or unrestrained direction, is limited by her very desire to acquire the economic benefits and the more tangible and short-run attractions which the United States quite con-

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4 (cont'd.)

it is an aspect have been discussed by among others, J. Herz, "The Rise and Demise of the Territorial State", ed. James Rosenau, International Politics and Foreign Policy (Free Press, New York, 1961) and J.W. Burton, International Relations: A General Theory (Cambridge University Press, Cambridge, 1967) especially Ch. 1.

5

One is here confronted with an interesting, if not ironic, situation, for although these tools are extensively employed by American foreign policy, with investment 'applied' to Canada, and both aid and investment 'applied' to the Third World, Canada herself (as this thesis tends to confirm) 'applies' both these techniques in the pursuit of her own foreign policy objectives. Yet, in Canada's case, one might speculate as to the extent to which (at the conscious level at least) these very techniques have become objectives in themselves. For example, to what extent might the values implicit in the implementation of these techniques be given conscious priority? Certainly, little opposition to them would be likely to emanate from the United States.

sciously exhibits.<sup>6</sup> Augmenting the impression that dependence is somehow in 'our interests', are the factors of history, proximity, cultural similarity, and most importantly, language. Thus, the dependence of Canada on the United States is facilitated by the existence of the English language, by the relatively common values among the respective elites of the two nations, and by a similar institutional stability, whereas this is presumably not the case with the United States and Mexico.<sup>7</sup>

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As Professor H.G. Aitken has observed: "In economic policy particularly, Canada's freedom of action is certainly limited, but the limiting factor is in the last analysis, Canada's own acceptance of full employment and rapid economic development as high priority social objectives." H.G. Aitken, American Capital and Canadian Resources (Harvard University Press, Cambridge, Massachusetts, 1961) p. 186. Possibly the most effective and yet least quantifiable constraint on Canada or any dependent state, is the mere cultivation of the threat of retaliation by the more powerful state A, which in effect provides a self-induced restraint on B's independence and in itself results in the further dependence of B on A. As Stephen Clarkson observes in a recent Government Task Force report, "The consciousness of the great power of the United States Government creates dependent political activity." S. Clarkson, "The Politics of Economic Dependence", A Study Done for the Task Force on the Structure of Canadian Industry, September 1967.

7

For a theoretical discussion see Karl Deutsch, et. al., "Political Community and the North Atlantic Area", International Political Communities: An Anthology (Anchor Books, New York, 1966).

Having suggested that the economic and cultural milieux of Canada and the U.S. exhibit predominately similar qualities, the premise put forward by John Holmes that a foreign policy of 'neutralism' (like that of Sweden's) would be theoretically inconceivable and tantamount to a "verbal and artificial construct divorced from public sentiment and support", takes on added credence. For Canadians are not 'neutral' people,<sup>8</sup> and remain very much committed to certain Western values.<sup>9</sup> As one of the interviewed CIDA officers confessed:

We are in the Western power bloc, we are there whether we like it or not...so we must carry out policies not too opposed to the interests of that group. Thus, the most dominant influence in foreign policy becomes the influence of the most dominant member of that group, in this case the United States.

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8

As recently revised Canadian aid allocations testify, however, this relative North American homogeneity does not appear to apply equally to French Canada.

9

Quoted from Lewis Hertzman, John Warnock and Thomas Hockin, Alliances and Illusions (M.G. Hurtig, Edmonton, 1969).

To this extent, the 'community' school of analysis, expressed most clearly by Henry Kissinger, appears to possess some insight. The difficulty for the Canadian policy-maker in perceiving the similarities between Canada and the United States is created by the fact that these similarities remain primarily at the subconscious level of values; that is, as something internalized and generally taken for granted by most Canadians. In other words, the differences between the Canadian and American perceptions of the development process and its subsequent impact, would be considerably less fundamental than the differences existing between the Canadian and Chinese perceptions of the process. Yet, Canadian policy-makers perceive their differences as distinct from the United States, not China.

Where the realist analysis of Hans Morgenthau appears applicable is at the conscious and operational level of 'national interest' and implementation. Here relatively minor differences, though not opposing ones, do exist.<sup>10</sup> As the previously quoted CIDA official con-

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The extent to which the American government takes for granted the inconsequential nature of those differences is revealed by the following Hobbesian insight of Kissinger himself, who notes that consultation works best in implementing a consensus rather than creating one. He admits, for example, that many American schemes for strengthening NATO really take the form of trying to make the admitted pre-eminence of the United States in a virtually American decision-making process. See Hertzman, Warnock and Hockin, op. cit., pp. 123-125.

cluded:

We have basically two minor ways in which to play a positive role. We can play a military armed force role and contribute to the defence of the group or we can contribute to the economic interests of the group and by this, influence its cohesion. Canada isn't interested in acquiring new lands or countries...consequently Canada must adopt the latter. We haven't the strength and resources for the former as does the United States...

11

The degree to which Canadian perceptions of aid parallel those of their American counterparts, therefore, is indicated by the following comparison. It will also attempt to identify how the respective perceptions of 'development' manifest themselves in terms of both aid and foreign policy.

#### A Comparison of the Development Concept

Though not questioned directly on the concept of 'development', both sets of policy-makers in responding to questions 1 and 2 (objectives of foreign policy and objectives of aid) conveyed themes which indicated to what extent they viewed 'development' as either 'economic' or 'political-economic'. (Political is here employed synonymously with social.) For example, of the thirteen

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11

Interviews, op. cit.

Canadians, seven associated 'development' as synonymous with economic development in a long-term sense. More than likely, the criteria for success inherent in such a perception would consist of quantitative economic indicators dealing for the most part with the measurement of output (for example, G.N.P. or 'balanced budgets', etc.). At the same time, six respondents revealed a perception which conveyed an awareness of both political and economic development. Presumably, the success indicators employed by these officials would tend to be neither quantitative, nor exclusively economic.

'Development' would most likely encompass aspects consisting of more than the tangibles which one generally associates with industrial growth. For instance, meeting expectations, while nurturing the growth of 'progressive' values and modern attitudes.

As for the American responses, their results pose an interesting and possibly significant contrast, for in this instance, all five respondents displayed a perception of 'development' as something necessarily political and economic (see Table XXIII). Moreover, this view was manifested in terms noticeably more explicit than those of their Canadian counterparts, who at no time outlined or even suggested 'how' aid might contribute to 'political'

TABLE XXIII

PERCEPTIONS OF DEVELOPMENT: CANADA-U.S.

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	Political- Economic	Economic	Total
Canadian	6	7	13
American	5	0	5

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development.<sup>12</sup> This apparent lack of Hobbesian sophistication, or what might be merely Canadian introspection,<sup>13</sup> was confirmed by the fact that of the officials who perceived only the economic component of 'development', five

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12

One is at this stage confronted with a rather interesting though inconclusive possibility. Namely, the fact that the Canadian officials were, with the exception of two (who responded economic-political), all trained academically as economists, while the American officials all possessed academic backgrounds in political science and/or a combined discipline. This raises the question of whether their perceptions vary as a result of their academic backgrounds, a situation quite possibly due to the conscious emphasis on the recruitment of these respective disciplines. This could result from the distinctive foreign policies, or merely reflect the inadequacy of the American sample. To resolve this question, would, of course, require an extensive examination of the academic backgrounds of both CIDA and AID, as well as an inquiry into the differing perceptions of 'development' exhibited by economists as distinct from political scientists in general.

13

A prevailing view among scholars who have dealt with Canadian foreign policy is that historically, Canada has consciously attempted to remain aloof from the (cont'd.)

did identify "political development". However, they did so mistakenly, for they viewed it as synonymous with what was previously established as 'strategic'; that is with the primary intended result effecting Canada (for example, 'peace', or placating Quebec dissidence) rather than the recipient. At no time did Canadian officials approach the precise perceptions elicited by the following AID respondent:

This is a long-range thing...in the AID programme we are planning and programming the world for the year 2000...The AID programme operates within this environment, looking ultimately for a world of national units which themselves are relatively stable and capable of self-sustained growth and change, though non-explosive change and as quickly as possible. We are working on the world of the twenty-first century...We are really changing societies and not just economies. I am a social scientist, not an

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13 (cont'd.)

'Machiavellian intrigues' purportedly so much more prevalent in the history of European relations. This has resulted in the emergence of a Canadian 'voluntarist' tradition which today connotes our ostensible search for moral opportunity in international affairs. Witness our supposed "unmilitary ethos". See Hertzman, Warnock, and Hockin, op. cit., pp. 97-110 and James Eayrs, op. cit.

economist and it is technical assistance I provide, not capital assistance.

14

In addition, the American responses to question 17, ("What alterations do you envisage in our future programmes, both in terms of quantity, quality, and recipients of aid?"), produced the unanimous contention that the United States should maintain its present emphasis on bilateral assistance along with a concurrent intensification of technical assistance. In contrast, only two Canadians expressed the view that a bilateral emphasis should be maintained, while the remainder conceded the need for augmenting multilateral allocations. At the same time, none of the Canadians accorded technical assistance any special significance.

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14

Interviews. The State Department, Washington, July, 1970. It is generally acknowledged that if 'political development' is to become an effective aspect of an aid programme, its implementation must occur through 'technical assistance' as distinct from 'capital' or 'project assistance'. See J. White, op. cit., A. Krassowski, op. cit., and J. Nelson, op. cit., especially Ch. 6. Capital aid denotes "funds, material, equipment, and associated services which contribute to the permanent economic and social infrastructure of a recipient country: while technical assistance represents the transfer of skills and knowledge required to operate the recipient society." Keith Spicer, op. cit., p. 124.

This indicates then, where Canadian policy differs from (though never opposes) American. What it amounts to is a contrast in degree rather than substance. Canadian officials indicate a less precise view of development and therefore aid.

It is well known that in terms of implementation, Canada has rarely made any overt or explicit attempt to structure the total development of 'less-developed' society (though economies, perhaps).<sup>15</sup> Consequently, what emerges is a Canada officially more 'neutral' and responsive\* to external exigencies, while at the same time, consciously less purposeful than the United States. To illustrate in summary, I draw attention to the following rather extensive observation of one of Canada's more senior policy-makers.

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It should be emphasized that whether or not such involvement is for better or for worse, depends largely on one's own world view, a total appreciation of the 'development' process, and one's sensitivity to national and cultural differences. I do not purport to explicitly judge one way or the other, for the situation remains infinitely complex.

\*'Responsive' indicates a meeting of external demands and situations. It does not necessarily imply a short-term strategic objective.

"What do you feel are the primary objectives of Canadian external aid?"

Well, these have never really been defined by the government. Ministers have made public statements concerning aid but this is about all. I would say though, that it is to promote the economic development in a way which is compatible with Canadian national interests. This has, of course, a number of shades of meaning. The aid administrator quite properly is there to provide money and resources and to promote economic development, this is his main concern, it doesn't matter which country he is dealing with, he will always think in terms of efficiency. I think though, that this is inadequate as far as government policy is concerned. For example, if you look at the various social aspects of development such as land development, one can make the case... We should establish social objectives as well. True its a problem, but we should attempt to establish to balance these objectives. I think that you cannot say that pure economic returns are in themselves adequate... Whether we like it or not though, there is a definite policy of aid allocation. For example, we don't provide the Chinese with aid because they won't accept it; there are certain limitations on those areas to which we send our aid.

16

This statement outlines the major motivational components of an aid programme. The first section shows that the Canadian programme emphasizes as primary, economic development while inherently stressing the value of efficiency. The second section of the quote outlines the possible limitations of Canadian aid, pointing out that in-

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Interviews, Ottawa, op. cit.

sufficient provision is made for political and social 'development'. The official concludes by conceding that the allocation of Canadian aid is nonetheless strategically distributed.

No doubt, nationally distinct perceptions will be reflected in the answers to the following questions dealing with aid implementation. For example, does the giver try to limit the scope of his 'influence and control' to specific aid operations, or does he try to include a wide range of recipient 'development' and related policies and operations? Does the aid giver attempt to 'influence and control' the process, or does he passively leave the initiative to the recipient? Does the donor attempt to establish aid procedures and criteria for global application, or does he vary them deliberately according to the recipient concerned? Does the donor attempt to dictate and impose his views, or does he try a more indirect approach based on incentives and inducements? These are all critical questions to the capital-importing state, and the degree of motivation inspiring donors to examine one or the other posture is extensive if not subtle in its effects. Certainly one would be safe in saying that the broader and more encompassing American perceptions would to a greater extent be inspired by the more involvement-oriented of the

alternatives posed in each of the preceding questions.<sup>17</sup> This isn't to say that ultimately, the results of these two approaches need be opposed or anti-ethical. Henry Kissinger's assessment of a mere difference in the degree of Canada's "pragmatic conviction" à la the United States, remains undisputed.<sup>18</sup>

#### A Comparison of Aid as a Cold War Tool

Why does the basic distinction just discussed emerge, and how does it relate to the strategic and foreign policy

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Andrzej Krassowski, writing with regard to aid effects on recipient states, categorizes the 'aid relationship' as implemented by both the United States and Canada respectively, as "influence and control" and "involvement". The latter emphasizes that the donor's main usefulness and responsibility is in conducting a dialogue with the recipient, whereas the former stresses either overtly or implicitly, the donor's role as guardian of 'correct' policies. Therefore, the involvement approach is mainly concerned with questioning; the influence and control approaches are mainly concerned with providing answers, often to the donor's own questions (United States). This discussion, entitled, "The Basis of an Aid Strategy", provides extensive theoretical insight into the subtleties of programme implementation. Yet, Krassowski does concede that both these approaches can be based on the same fundamental assumptions regarding the desired objectives of aid and 'development'. See A. Krassowski, *op. cit.*, pp. 11-34.

18

Hertzman, Warnock and Hockin, op. cit., p. 123.

perceptions outlined in Chapter IV? Is it consistent with Canadian economic perceptions of development and their regard for aid as remote from cold war considerations, that Canadian officials continue to espouse the presence of Canada's NATO forces in Europe? Moreover, how would this compare with the American aid officials? These are the basic questions with which this section will deal.

In the preceding chapter, it was established that Canadian policy-makers perceived the continuing possibility of a Soviet or ideological threat in Europe, as indicated by their desire to maintain a NATO commitment. This threat was not perceived in the Third World where aid was not considered a cold war tool. This presents a notable contrast to these perceptions conveyed by the officials interviewed in Washington (though again, not an opposing one). For instance, in response to the question concerning NATO troops in Europe, only one official regarded a "continued U.S. troop presence as vital", while remarkably, the remaining four stressed the view that a reduced American presence in Europe was becoming increasingly appropriate. At the same time, all five respondents concurred in the view that foreign aid constitutes a necessary cold war tool, although it was conceded by three, that the cold war is now constituted in a somewhat altered form; that is tacitly non-violent, with the means primarily economic rather than

one of overt military or political confrontation. The most senior of the AID officials elaborated:

The first impact of any aid programme is to strengthen the government. To make the economy more stable than before. We want to stimulate the private sector...<sup>19</sup> yet, in fact, my Soviet counterpart's perception is probably very similar to my own and no doubt we would probably be capable of quickly establishing a rapport. The breakdown would come over the actual items.

20

Thus, although the means 'applied' and the territories at stake have likely altered in degree, a strategic component nonetheless survives. The Third World has now emerged as the primary focus of America's 'strategic' aims and so, therefore, has foreign aid.

Well, its there when one looks at where our money goes. More money has been allocated to India, Korea, Turkey, Taiwan and Pakistan than anywhere else. I leave Vietnam out because the biggest chunk goes to them. Yet, they also are on the periphery of the Communist land mass.

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The essential significance of this factor will be dealt with shortly during the discussion of actual policy.

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Interviews, Washington, op. cit.

21

Ibid.

So one is confronted with a most intriguing and significant paradox in regard to the respective foreign policy perceptions of these two states. Canadian officials, for reasons outlined in the previous chapter, do not perceive any threatening ideological force in the Third World, while their American colleagues apparently do. But, in fact, what is most remarkable about the American Cold War responses was the tendency to justify them in what were virtually offensive or messianic-like terms; that is with the thought of altering societies through prescribed programmes, or guiding 'progress' in preconceived and pre-planned fashion, rather than as a response to some direct ideological or national threat (Krassowski would classify it as 'influence and control'). In addition this same ethical posture is evident among the responses to question 2, dealing with the objectives of aid, and question 1, deal-

TABLE XXIV

	AID-COLD WAR TOOL	NATO REDUCTION-EUROPE
CANADA	Not Cold War Tool (Third World)	No NATO Reduction (Europe)
UNITED STATES	Cold War Tool (Offensive Posture)	Reduction (Reduced Soviet Threat)

ing with foreign policy objectives. In the former instance, (where aid was cited as a long-term strategic tool on two

occasions, short-term strategic on three occasions, and a means to 'development', once), at no time was aid as a strategic tool considered in a 'defensive' capacity. On the contrary, the inferences were once again evangelical. "We are planning and programming the world for the year 2000...We are really changing societies..." Or as another official concluded, "...aid is a long-run project, so, to the extent we can maintain control in a reasonable way of the world situation, it can have a tremendous effect."<sup>22</sup> Furthermore, from the responses to question 1, which dealt with the perceived foreign policy objectives, three basic themes emerged, with the most frequently cited (on four occasions) being that of "world leader", "playing the dominant role as world leader", while spreading the American concepts of "freedom" and "democracy". "The furtherance of United States interests through trying to develop the kind of world in which freedom can be maintained."<sup>23</sup> In fact, on only one occasion was a defensive

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22

Ibid.

23

Ibid.

justification elicited. "I guess its still to contain Communism. We don't want Communists taking over more than they already have..."

Evidently, then, the perceptions which initially resulted in the formulation and coming to prominence of such men and policies as the Truman Doctrine, Dean Acheson, George Kennan's 'containment' proposals, and the evangelical anti-communist phobias of John Foster Dulles, have given way to policies of 'enlightenment' and to views of 'development' which derive from a scientifically inspired insight into the process of change.<sup>24</sup>

In these very perceptions of foreign policy, lie the likely sources of the nationally distinct interpretations of aid and the 'development' process. Given the

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Once again, the writings of both Horowitz, op. cit. and Schlesinger, op. cit., among many, provide an admirable account and understanding of these requisite historical elements. As for some of the 'enlightened' applied research which has no doubt been instrumental in the 'progressive' sophistication of American policy see the works of Samuel Huntington and/or Ithiel de Sola Pool. Whether or not such 'enlightenment' will prove to be superficial, detrimental and pretentious, remains for history to decide.

American official's more explicit foreign policy goals, a perception of 'development' as synonymous with specific economic and political change is understandable. Similarly, in Canada's apparent ideological detachment lies an unmistakable source of her seemingly non-Hobbesian view of the processes of aid and change. What are the particular factors primarily responsible for these differing perceptions of foreign policy and foreign aid? Are these reflected in the formulation of actual aid policy? For if one accepts as valid the model of the aid process outlined in the conclusion of Chapter IV, with perceptions constituting the link between society and policy, then these factors should be manifest in the respective policies of Canada and the United States.

Canada: Perceptions as Policy

Referring to Canadian foreign policy, Professor Thomas Hockin contends that policy becomes a kind of "...rationalization of the Canadian experience" and is "...unlike the American in that it is less messianic, less impatient, more sensitive to national differences, and more prone to the values of organization maintenance."<sup>25</sup> This

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Hertzman, Warnock and Hockin, op. cit., p. 102.

statement to a great extent, embodies much of what this present analysis of perceptions has shown. Certainly, the projection of Canada's internal problems into increased aid for French Africa is included in the statements, as is the importance accorded the continued maintenance of the North Atlantic Treaty Organization and the call for increased multilateral allocations. Moreover, the greater degree of importance Canadians placed on the possible economic benefits (trade and imports, etc.) is wholly compatible with the recent cut back in the Department of External Affairs, accompanied at the same time by a new emphasis on greater Trade and Commerce participation in diplomacy and foreign policy. For example, Prime Minister Trudeau has stated that the general bias against permitting Trade Commissioners to reach the rank of Ambassador or High Commissioner, must be done away with, and the Department of Trade and Commerce be given greater attention. The reasoning behind this revision possibly stems from the view that Canada herself is not strategically consequential, that she is somehow above the Machiavellian dealings of European diplomacy, and therefore, can and should with a clear conscience pursue her more 'neutral' and 'sublime' economic role.<sup>26</sup> The obvious danger is the extent to

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See p. 85 of this study, Table XIX.

which the ultimate result of such an explicitly 'detached role' can emerge as 'neutral' in its effects on the recipient. After all, the economic and administrative values being transferred through Canadian aid remain very much a product of the North American milieu, as do the political and social values inherent in North American economic 'development'. Certainly, the perceptions of Canadian and American policy-makers as to the primary long-range foreign policy objectives, proved to be remarkably similar.

Yet, aside from the self-evident difference in resources and capacity, why should Canada emerge as explicitly responsive and relatively 'neutral'? Canada for example, has never established a specialized foreign policy making body comparable to the State Department's Policy Planning Staff.

Professor James Eayrs has advanced a theory which seems most in line with the results presented to date. He contends that Canadian foreign policy is subject to an inherent partiality, historically nurtured, which has tended to diminish the import accorded precise planning:

The Canadian style, despite the influence of the French Canadian tradition, resembles the British in its hospitality to basic assumptions about planning for foreign policy. There is a strong disposition to deal with external affairs in a workaday manner, eschewing doctrine and the long view, taking one thing at a time

and being prepared to take much time  
over that one thing.

27

In other words, the Canadian style tends to be responsive and without the comprehensive planning, implementation and purpose of the United States.

United States: Perceptions and Policy

Having established that in contrast, the American perceptions of 'development' include a 'political' as well as an 'economic' component, we can now turn to considering the significance of these more explicit perceptions in terms of actual aid policy. In this endeavour, one can recognize the different priorities and stress placed on the political and social components of American as distinct from Canadian aid. Unlike Canada, for instance, the United States Foreign Assistance Act does make specific provision for 'political development'. Nominally identified as Title IX, this section purports to address itself to encouraging, "...the growth of democratic private and local governmental institutions in carrying out its programmes of assistance...Without broad popular participation and without the institutions which make it possible, the impact

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James Eayrs, The Art of the Possible (University of Toronto Press, Toronto, 1961).

of aid will be sharply limited."<sup>28</sup> Furthermore, AID activities subsumed under Title IX include the encouragement of such apparently 'progressive' measures as "Administrative Competence", "National Integration", "Encourage Private Investment", "Labour Union Development", "Legal Institutions", "Agricultural Cooperatives and Rural Development", "Development of Local Government", and "Co-  
29  
operatives and Credit Unions". These seemingly innocuous objectives are supported by additional provisions, some of which serve to reveal the disproportionate though possibly less-heralded emphasis placed on certain selected aspects.

With regard to the Alliance for Progress for example, the Foreign Aid Bill, passed immediately following the death of President Kennedy, contained the provision that to be approved, a development loan would have to meet thirty-three major tests. Included among these was the extent to which a project might have adverse effects on the American economy, whether it encouraged free-enterprise, and whether small U.S. businesses would have an opportunity to participate in it. Moreover, in December 1965,

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William S. Gaud, Primer on Title IX, The Foreword (AID, Washington, 1968).

29

Ibid., pp. 47-55.

further legislative provision stipulated that no aid would go to any country that had not previously signed an investment guarantee with the United States.<sup>30</sup> Yet, the legislation which appears to have been most effectively supportive of encouraging compliance with American policies of political "influence and control" has been a 1962 amendment to the Foreign Assistance Act, known as the Hickenlooper Amendment. The primary purpose of this legislation was clearly established in the latter half of the Foreword to a document entitled, "Expropriation of American Owned Property by Foreign Governments in the Twentieth Century", which until 1968 was not in fact avail-

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See the discussion of these issues in David Horowitz, op. cit., p. 412. The rather deceptive implications of sanctifying the right of private foreign investment in such seemingly innocent guarantee programmes (this would apply equally to Canadian agreements of this nature in the West Indies or Latin America) is to some extent revealed in the analagous statement to the effect that the law in its majestic equality, forbids the rich as well as the poor to sleep under bridges, to beg in the streets, and to steal bread. With this in mind, the excessive monetary importance accorded Export Credits Insurance in Canada's most recent aid programmes, becomes even more significant. As the CIDA Annual Review: 1969 defines them, "The purpose of Export Credits is to promote Canadian exports...and protect Canadian investments in less-developed countries against such non-commercial risks...", p. 47. Remarkably Canadian Export Credits as a percentage of total bilateral commitments increased from 10% in 1966 to 33.4% in 1967, with the greatest percentage going to the Caribbean and Latin America. Development Assistance: Efforts and Policies Annual Review, 1968, "Statistical Tables" (OECD Publications, Paris, 1969), pp. 268-269.

able for public scrutiny.<sup>31</sup> It observes that:

This subject has been of concern to the Committee on Foreign Affairs which last year amended the Foreign Assistance Act to provide for mandatory suspension of aid to recipient countries which expropriated American owned property and failed within six months to fulfill its obligations under international law...

This particular amendment then, seeks both to protect existing American properties and in so doing "...encourage more private investment in underdeveloped areas", while at the same time, providing penalties (for example the discontinuation of aid) if that investment and the obvious principle inherent in it are not accepted. As the report itself concludes:

The protective measures which the U.S. has initiated have been designed primarily to encourage private investment which has been deemed an important method of helping the less-developed countries attain their goals...Because the United States does seek to encourage private investment in underdeveloped countries, however, a more active policy against expropriation has developed. In the formulation of this policy, the views

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This document constitutes a report prepared by the Legislative Reference Service, The Library of Congress, for the Committee on Foreign Affairs, July 19, 1963.

of American business have necessarily been weighed along with other factors, since it was their capital and skill which was being sought.

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Moreover, this provision has, with both visible and unknown effect, been put to use by the United States Government. To mention only three of several acknowledged instances; aid was in 1963 withheld from Ceylon on the nationalization of sixty-three gasoline stations owned by Esso and Caltex. Similar action was taken against Peru when her government tried to withdraw tax concessions originally granted to the International Petroleum Company and a subsidiary of Holland Oil of New Jersey. In addition, these same measures were applied with apparently striking effect in Brazil, when in 1962 the Goulart regime failed to 'satisfactorily' comply with American demands for compensation as a result of Brazil's earlier nationalization of two American

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32

Ibid., p. 40. This statement conveniently parallels the view expressed by Dean Rusk in the following testimony: "...We do think that as a matter of policy it would be wise and prudent on their side to create conditions which will be attractive to the international investor, the private investor. So our influence is used wherever it can be and persistently through our embassies on a day-to-day basis, in aid discussions and in direct aid negotiations to underlie the importance of private investment." Dean Rusk, Senate Committee on Foreign Relations, Hearing on Foreign Assistance Act, U.S. Congress, 1962, p. 27. When these provisions are viewed with a realization of the extent to which the dollar has become the leading international trading currency, the full significance of these tools becomes even more vital and effective.

owned public-utility companies. The following figures serve to indicate the ensuing variation in American aid allocations to Brazil:

TABLE XXV  
AMERICAN AID TO BRAZIL  
1962 - 66

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1962	\$81.8 million
1963	38.7
1964	15.1
1965	122.1
1966	129.3

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Conveniently for the United States and apparently Brazil, Goulart was in 1964, overthrown by a group of military officers friendly to, and according to the Chairman of the House Foreign Affairs Committee, trained by the United States.<sup>33</sup> Moreover, one should realize that the real success of such legislation, lies in its very deterrent value; in those instances in which recipient policies have remained compatible with the more 'enlightened' disposition of the United States (or any capital-exporter, Canada

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See Harry Magdoff, op. cit.

included). The difficulty analytically, is that such instances of 'success' through 'self-induced restraint' are rarely quantifiable.

The evidence then, seems to corroborate the premise that American foreign aid is virtually instrumental to the objectives and world view pursued by the essentials of American foreign policy, and that these views are both precise, purposive and evangelical in nature. In contrast, Canadian perceptions proved to be considerably less precise and detached from any overt expression of ideology. Nevertheless, the values inherent in the transfer of Canadian aid do reflect an economic system similar to that of the United States. Certainly the nature of the North American cultural and economic environment would appear to provide for little else.

## CHAPTER VI

### CONCLUSION

The findings from this study support a model of the foreign aid policy process which, though acknowledged by some with regard to foreign policy, has not as yet been placed in a foreign aid context. It suggests that perceptions of policy-makers reflect the cultural and economic milieu of which they are a product, and that these perceptions constitute the connecting link between this environment and aid policy.

It has been argued that because Canada is so much a part of a North American homogeneity, her policy disposition must ultimately reflect the values of a free-enterprise, consumer-oriented society. Indeed, the values implicit in the North American view of 'progress' are being transferred both by Canada and the United States. They are inherent in aid priorities, and in the value on and interpretations of concepts such as 'efficiency' and 'organization', 'management control', 'community organization' and 'participation'. Both the perceptions of Canadian and American officials, combined with the outstanding aspects of each programme, have served to substantiate this.

What distinguished Canadian from American perceptions, however, was the fact that Canadians, unlike their American counterparts, did not display a precise notion of what 'progress' and the 'development' process comprise. The Americans did.<sup>4</sup> In addition, AID officials exhibited an awareness of how a society ought to achieve it. The American position as an overseer to 'change' in a vast portion of the world, is to a great extent, perceived as dependent upon how that change evolves. For this reason, it is not surprising that political, strategic, and cold war considerations were seen as significant by Americans.

The numerous criticisms by organizations such as the Development Assistance Committee and the recently published Pearson Report, decry the use of aid for political and strategic purposes. Yet, their criticisms are just as applicable to the perceptions exhibited by Canadian policy-makers. Canadians did not stress 'development' as the foremost aid motivation. 'National interests' were accorded priority. What Canadians did stress, as distinct from the Americans, were the economic and commercial benefits. These have been equally criticized by both the Development Assistance Committee and the Pearson Commission. Consequently, it is conceivable that Canada may become increasingly involved in international controversies arising out of an economic and commercial

emphasis. This may come, for example, in the form of investment disputes resulting from the excessive use of investment guarantees or export credits. Both of these tools indicate that value is placed on private investment and property rights, much as it is in a North American context.

A great deal will depend on the patterns and trends which will emerge in the international system. For example, will the forces of nationalism and the value placed on goals such as national sovereignty and independence, become even more salient to capital-importers? For advanced industrialization and technology has brought with it an awareness of its increasingly detrimental results. Consequently, Third World nations may sober to the benefits exhibited by the North American view of 'progress'. Indeed, the likelihood is that they will be less willing to accept uncritically the constraints and values imposed upon them by both the Canadian and American perceptions of foreign aid.

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APPENDIX

INTERVIEW SCHEDULE FOR PROJECT ON THE PERCEIVED OBJECTIVES OF CANADIAN EXTERNAL AID

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1. In terms of government goals, what do you perceive to be the most important feature of Canadian foreign policy?
  2. What do you feel are the primary objectives of Canadian external aid?
  3. To what extent do you think that humanitarian considerations are an important factor in the objectives of aid?
  4. Do you think that the objectives of aid are concerned with the preservation of world peace? To what extent? (Revolutionary conflicts possibly escalating into major wars.)
  5. To what extent do you think that the objectives of aid are concerned with a reasonably successful prosecution of the "Cold War"?
  6. What is the greatest threat to Canada's security at this time?
  7. Do you perceive aid as an important factor in stimulating Canada's economy? (With the bilateral programmes some 90-95% of funds are initially spent in Canada.)
  8. Do you see aid as a direct stimulus to Canadian exports? (In opening up markets by making known Canadian goods and services.)
  9. Do you perceive it then as effecting world trade, and if so, to what extent Canada?
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This same schedule was administered in Washington but with appropriate alterations for American officials.

10. Would you say that the Canadian people comprehend the purposes of the foreign aid programme? To what extent?
11. Has any organization that you are aware of taken a public stand in opposition to external aid? Have any of the provinces indicated their displeasure with such a programme?
12. Similarly, are you aware of any particular organization as having provided with most consistency, support for Canada's programme?
13. Of the two major parties in Canada, can you discern one or the other as having been more or less favourable to the concept of external aid?
14. Do you feel that a shifting of priorities from present particular areas of spending, to greater resources for aid is desireable?
15. What is your feeling on Canada's present and future involvement in NATO?
16. Should aid be a function of Canadian foreign policy?
17. What alterations do you envisage in our future programmes, both in terms of quantity, quality, and recipients of aid?
18. In summation then, what do you think that Canadian aid can accomplish?