Poverty in the South: Northern Responsibilities and a Role for Canada

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FOREWORD

In this, the second annual Hopper Lecture in International Development, the University of Guelph is pleased to offer the views of the distinguished economist Professor Gerald Helleiner on several critical economic and policy issues facing the world community. Professor Helleiner presented this lecture at the University of Guelph on November 1, 1994 and at St. Francis Xavier University on November 7. Both the lectureship and this publication are funded through an endowment generously provided by the International Development Research Centre, a unique Canadian institution devoted to research applied to global development problems.
Professor Helleiner, a faculty member in the Department of Economics, University of Toronto, has published widely on trade policy, economic development, and North-South relations. He has been consultant and advisor to a number of international and Canadian agencies, including the Commonwealth Secretariat, the World Bank, the Brandt Commission, CIDA, IDRC, SIDA, and UNCTAD, as well as to several governments. At present, he is Chair of the Board of Trustees of the International Food Policy Research Institute; Research Coordinator for the Group of Twenty-Four; Project Director for the Research Project on Trade and Industrialization of the World Institute for Development Economics Research (WIDER) in Helsinki; and a member of several other research and advisory groups around the world. In 1988 he was awarded an Honorary LL.D. by Dalhousie University.

J.C.M. Shute, Director
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**POVERTY IN THE SOUTH:
NORTHERN RESPONSIBILITIES -AND A ROLE FOR CANADA**

I first encountered David Hopper almost exactly thirty years ago in an influential little book called Transforming Traditional Agriculture by Theodore Schultz. Schultz, who was subsequently to be awarded a Nobel Prize, primarily for his research in the economics of human capital, referred to Hopper's Ph.D. thesis repeatedly in this book - but never referred to his national origin (or, for that matter, to the Guelph connection). How was I therefore to know how frequently I would later encounter Hopper and his impact in the International Development Research Centre (IDRC), the World Bank, the Consultative Group for International Agricultural Research (CGIAR), and various points between. There was little hint in those 1964 footnotes of the major figure he was to become in Ottawa, in Washington, and on the world stage. Let me pay particular tribute to David Hopper for his pathbreaking founding Presidency of the IDRC, an institution which had no counterpart anywhere in the world when he began it, and which, under Keith Bezanson, who is with us in Guelph this evening, retains the role that Hopper built for it: a major global force that applies reason and practical steps to the vision of an equitable and sustainable planet in the 21st century. I am honoured to be asked to speak in a lecture series that bears David Hopper's name.

When asked what I intended to address in this lecture, I tried to leave myself plenty of room so that I could decide a little later: "Poverty in the South, and Northern Responsibilities". I am glad I did that because, as events have transpired, I now want to take a particular, topical (and perhaps somewhat political) slant on this broad topic. I want to speak on the opportunities and responsibilities facing the Canadian government. I want to consider the potential for an increased Canadian contribution, a Canadian role, at the level of global governance and, on a more focussed basis, in the poorest developing countries.

It is important to have some context for this discussion. The good news, insufficiently appreciated, I believe, is that during the last 50 years the world has made outstanding progress in raising general levels of living in both poor and rich countries: reduced infant mortality, greater life expectancy, increased literacy, increased material incomes, etc. Never before in human history has so much social and economic progress been achieved in so little time. The share of the so-called developing countries in total world income has grown and continues to grow. And the Cold War, which wasted so many of our skills and resources for so long, is effectively over.

The bad news, however, which usually receives more attention in the media, is that the absolute numbers of those living in deep poverty in the world continue to rise; the degradation of soils, air, and water increasingly threatens both the quality of life and the sustainability of previous progress in many parts of the world; the previous (post-war) 'Golden Age' of progress was seriously interrupted for many countries from the early 1970s onward, especially in Africa and Latin America; ethnic, religious, and nationalist conflicts are being revived; and, at the same time, the established international institutions are clearly underfinanced and weakening.

If a sustained reduction of global poverty and instability, and an equitable and sustainable planetary future, are to be achieved, there is a great deal that must be done. Not surprisingly, many seem paralyzed by the enormity of the tasks and are reduced to useless hand-wringing. However, when the record and prospect look bleak, we must remember not just the problems but also the remarkable accomplishments of recent global history.

I shall speak of only two main issues. Both are critical to the achievement of our global objectives, and in both Canada can play an important, perhaps crucial role:

global economic governance; and

levels and modes of financial support for the development of the world's lowest-income countries.

Global Economic Governance: The need for a review

Disproportionate time and energy have been devoted to the role of the global or multilateral institutions, notably the United Nations and its Security Council, in working toward international peace and security, narrowly defined. Economic and social security at the global level is more complex and more difficult to achieve; but, without it, there can be no longer-term global peace.

That the world's economies have become interdependent and 'globalized' has become something of a clich,. Capital markets are already truly global; and goods, services, and people flow about the world as never before. Yet the global economy is remarkably undergoverned. The "public goods" that governments supply at the national level - including enforceable rules and laws, stability, crisis management, greater equity - are only weakly supplied at the global level. And those that do exist are supplied in a highly complex and uncoordinated manner.

Consequently, the current global system of economic governance is under review. This review process has so far been associated primarily with the fiftieth anniversary of the so-called Bretton Woods institutions, named for the New Hampshire resort where the International Monetary Fund (IMF) and World Bank were founded. These institutions, together with the newly agreed World Trade Organization - successor to the General Agreement on Tariffs and Trade (OAT'") -, have become the principal global economic institutions. Although, in principle, they are 'specialized agencies' of the UN, in practice the Bretton Woods twins are quite independent - and the role of the UN in economic affairs, through its Economic and Social Council (ECOSOC), the United Nations Conference on Trade and Development (UNCTAD), etc. has been less than was originally contemplated. Today the UN's role is widely seen as best concentrated in security and "social" issues, rather than economic ones. In my view, this division of labour is incorrect. It guarantees that global economic management and related social and longer4erm development issues are dominated by the financial officials and Ministers of industrial countries. These are the same people who must also battle daily with the closer-to-home issues of financial markets, annual budgets, and short-term election prospects. Inevitably, the broader global issues become relegated to second-order importance. With the fiftieth anniversary of the United Nations in 1995, reviews of global governance, including economic governance, will undoubtedly continue and, quite possibly, intensify. It was in this context that, at the G7 summit conference in Naples in July 1994, a decision was taken to review the Bretton Woods institutions in order to assess their capacity to meet the emerging needs of the 21st century.

The importance of the review process

Reviewing global governance, including economic governance, is undoubtedly a good idea. But the process for undertaking such a review has, quite properly, generated something of a storm. Previous discomfort and annoyance in the rest of the world with the disproportionate role of the G7 in global economic affairs, particularly in decision-making within the IMF and World Bank, have given way to anger. Despite massive changes in the world economy and the prospect of more to come, the G7 (or more accurately the G-3- the US, the EC, and Japan), accounting for less than one-fifth of the world's population, a proportion that is declining, now seems to be proposing unilaterally to map out the global economic future. The Group of Twenty-Four, the developing country caucus in the Bretton Woods institutions, has complained -and so have many others.

Any overall review of the current system of international economic governance and the role of the international financial institutions therein surely must be fully participatory and representative if it is to be effective. It is time, after 50 years, for a major intergovernmental review of the Bretton Woods institutions in the context of the overall need for global economic governance as has been recognized by the G7. It is time to review the governance, and the roles and responsibilities of the IMF, the World Bank, the UN agencies, the regional development banks, and the World Trade Organization (WTO) in an integrated fashion. Any such review confined within the G7, however, will carry neither a broad sense of ownership (a term that the International Financial Institutions use so much) nor, therefore, much legitimacy. In other words, a review by the G7 alone is unlikely to be very effective. What is required is a much more representative intergovernmental review of the functioning of the Bretton Woods institutions and their future role in the changing world economy. Perhaps the so-called "Committee of Twenty" of the 1970s could provide a model. It undertook a similar review in the early 1970s by involving senior officials from ten industrial countries and ten developing countries.

Canada's role

(a) Launching a participatory and representative review. The Canadian government has a unique opportunity, as host and key organizer of the next G7 summit conference (in Halifax in 1995) at which these issues are to be addressed, to influence the content of the review and, even more important, the process through which it is conducted. By doing this effectively, Canada will at last have justified its determined efforts in the past to gain membership in the G7 and perhaps even, for a while, to remain in any successor 'global executive committee

In fashioning its approaches, the Canadian government might well consult not only with the developing countries (particularly the larger ones) but also with non-G7 members of the Organization for Economic Cooperation and Development (OECD), many of whom are equally concerned. Indeed, in terms of its approaches to many global economic issues, Canada has more in common with many 'middle powers' of both South and North than with the other, more powerful G7 members, for instance, in the degree of its support for the WTO and for multilateral development institutions.

The bottom line is that the Halifax G7 summit conference should be the occasion for launching a participatory and representative review of global economic governance, not for concluding it. (A serious review cannot be done anyway between now and next July.) Discussion now should relate to its terms of reference and to the appropriate process through which it can be conducted.

(b) Three Important Issues. Among the most important issues facing such a review are:

the roles of the existing institutions;
better global macro-economic management; and
provision of adequate liquidity and development finance for all countries.

IMF & World Bank: strengthening and reforming their roles

Although the IMF and the World Bank are the primary intergovernmental and global monetary and financial institutions, they are relatively weak in many respects. The IMF now plays only a marginal role in the global economy. The current system of global economic governance is run, defacto, by the G7 or, more accurately, by the G3 (US; Japan; and EC - or, in reality, Germany). This governance system is unrepresentative and accident-prone. Neither the developing countries nor the smaller industrialized countries have much confidence in the capacity of the G7 or G3 to manage global economic events in the overall global interest. There is a broad global interest in the macro-economic policies and performance of the major industrial countries, particularly in the following areas: economic growth; selection of an appropriate monetary and fiscal policy mix; maintenance of orderly foreign exchange and financial markets; full utilization of capital and labour; and in their achievement of symmetry in the international adjustment process and liberal regimes for international trade. Obviously, there is also global interest in providing adequate liquidity, debt relief proposals, rules for IMF behaviour, and the like. In all of these, the G7 countries have a degree of influence far beyond their global importance. The interests of the majority of the world's population, current or prospective, are not well served in the decision-making processes of the industrialized countries, either individually or in the G7.

The IMF. The IMF's views, although disproportionately influenced by those of its major shareholders, at least reflect some concern for broader global interests; however, these views carry limited weight in the decision-making of the major industrial countries individually and in the deliberations of the 67. Effective IMF influence over economic policies is at present concentrated in the developing countries and in the so-called "countries in transition" (the formerly centrally-planned economies of Eastern Europe and the former Soviet Union), to which it lends its money. Its peculiarly-named Interim Committee (its quasi-Executive), created on a temporary basis in the 1970s, has been widely perceived as little more than a rubber stamp for the decisions of the G7. Significantly, the G7 seemed genuinely surprised (and some of its governments were reported as angry) when the IMF' S Managing Director and some developing country members of the Committee found the backbone to reject as inadequate the anaemic deal that the G7 thought it had 'pre-cooked' over the provision of increased liquidity for the formerly centrally-planned economies and, to some extent, for the global system.

If the IMF is to play the role originally intended by its architects 50 years ago, some way must be found to increase significantly its role in global macro-economic management and to democratize its own deliberative procedures, probably best done in Conjunction with overall UN reform. Since, for obvious reasons, the G3 countries are not too interested in such change, there must be united efforts and pressure on the part of others to push reform efforts in this direction. As they do so, they will find strong professional support. The bust-up in Madrid over Special Drawing Rights (liquidity) may have marked the beginning of a whole new governance regime in the IMF. Whilst it may cost the current Managing Director his job, his role at this important moment in the evolution of global economic institutions is likely to be recognized in future history books.

The World Bank. The World Bank, too, has become a marginal actor in its main task the provision of development finance. Its main commercial arm actually now takes back more in annual repayments than it lends. Only its soft-loan arm, the International Development Association (IDA), still effects a net transfer - of about $5 billion per year - to the lowest-income countries. The World Bank group's gross lending is no more than about one-quarter of total private net flows to developing countries. Regional development institutions (banks) account for a growing share of multilateral official lending. The Inter-American Development Bank is already at levels of lending in Latin America as large as those of the World Bank and its influence, arguably, is already greater.

Declining Finances for Sustained Development

Global flows of concessional finance or so-called "official development assistance" (ODA) are generally in trouble. In 1993 real aid flows from the OECD fell by about eight percent. Even such traditionally staunch aid donors as Norway and Sweden have cut back. After climbing significantly in the 1980s, total aid to Africa, which had been relatively protected before, has been falling in the 1990s - and South Africa has also been added to the list of African recipients. Worse, such aid as does exist is increasingly being directed to emergencies and distress relief, rather than to long-term and sustained development efforts. For example, the share of UN assistance that goes to refugees and humanitarian emergencies rose from about 25 percent in 1988 to about 45 percent in 1992; the equivalent shares in bilateral assistance doubled -from three percent to six percent - between 1990 and 1992. Thus, long-term development needs of Africa (and low-income countries more generally) are being seriously squeezed just when the outlook on other counts - commodity prices, domestic policy reforms, democratization - would otherwise be improving.

The means for the continuing provision of adequate external finance to low-income countries, therefore, need long-term rethinking. These countries will continue to rely on official external sources of finance - both for short-term liquidity and for longer-term development purposes. Sadly, that is inevitable. The task at hand, therefore, is to review the terms and conditions under which external finance from official sources can be provided. A good part of this task will involve integrating more effectively the present complex and cacophonic collection of donors. Bilateral ODA sources, debt relief, finance from the regional development banks and United Nations agencies all need to be considered as a whole and in conjunction with the contributions of the IMF and the World Bank. It is intolerable that the minimum needs of the low-income countries for official finance now appear likely to exceed its availability -unless new sources or modalities are found. The Development Committee of the IMF and World Bank, which was created, like the Interim Committee, in the 1970s, and which might have been expected to play some role in this regard, is widely seen as ineffective and irrelevant.

The world community must therefore address the adequacy of (a) existing sources of liquidity and short-term contingency finance and (b) prospective longer-term ODA flows and debt relief for low-income countries. No amount of "adjustment" or policy reform will suffice for sustained development if the requisite stability and volume of finance are missing. In this context, it is appropriate to consider, among other issues, the appropriate use of IMP gold reserves and the previously unthinkable - possible modalities for writing-down the debt to international financial institutions in extreme circumstances. Basically, after 50 years of sporadic funding, much greater attention must be paid to the possibilities for stable and automaticized sources of official global finance for development purposes, particularly in the lowest-income countries.

International Financial Institutions:
Increased Transparency and Accountability to the Canadian Government and Public

Let me add that some changes are needed here at home with respect to the international financial institutions' (IFI) functioning. In Canada, as in many other industrial countries, there is relatively little public attention devoted to the international financial institutions. In part, this is because of the limited degree to which Canadian Executive Directors report publicly on their activities. Many non-governmental organizations have campaigned vigorously for the release of more information about IMF and World Bank activities in the developing world and for greater accountability on the part of the Canadian representatives there. In this respect, Canada contrasts strikingly with Switzerland (which has only recently joined the IMF and the World Bank). In Switzerland, an independent commission on international development and aid advises the government on all of its development policies. This commission has a special committee on the Bretton Woods institutions with membership from banking, industrial and political interests, and from non-governmental organizations with an interest in development. This committee has confidential access to the relevant agendas of the IMF and World Bank and those of the Swiss government; it also has access to all documents available to the Swiss Executive Director and to the governments of the member countries of the Bretton Woods institutions. These unique arrangements illustrate how matters might have been arranged in Canada and elsewhere, had the Bretton Woods institutions been launched 50 years later in the more open environment to which we have now become accustomed in government.

For the present, it would be helpful if the international financial institutions were at least more transparent about their agendas and activities, and if the Canadian Executive Directors reported regularly on IFI activities to Parliament and to the Canadian public. An all-party subcommittee of the House of Commons Standing Committee on Finance reported on the role of the international financial institutions in June 1993 and recommended that there be greater transparency and accountability of the IMF and World Bank to the Canadian Parliament and that the government regularly review Canada's participation in these institutions. As well, an international conference of parliamentarians from many countries that takes place in Washington in November 1994 will also call for increased transparency and accountability from the international financial institutions. Thus far, the Canadian government has not shown much sign of responding to such recommendations. (None of these suggestions, incidentally, should be taken as an implicit recommendation that the Canadian government exercise tighter control over its representatives. It can sensibly be argued that representatives (Executive Directors) need to have a high degree of independence as they pursue their general mandate. The Canadian EDs also have to take into account the interests of a number of other smaller countries in their constituency. As they do so, however, they must remain accountable for what they have done.)

Development Assistance
The argument against cutbacks
Let me turn now to the potential of official development assistance which, I have already said, is in trouble in many donor countries. At a time of overall cutbacks in the Federal Government's budget, there may be a short-term political temptation to cut Canadian contributions to international development, particularly those to the lowest-income countries, by disproportionate amounts. The voices of the world's poor and of future generations do not carry much immediate political weight. But to place the burdens of global adjustment and Canadian fiscal adjustment even further upon the poor of the developing countries - they have carried a lot already in the 1980s and early 1990s -would be grotesquely myopic as well as unfair. Our children will have cause to regret it if we cut back on development efforts today, and if we turn our support for overseas development 'off' and 'on', as if it were a faucet, in response to our domestic difficulties. Long-term development cannot proceed effectively if it must progress in fits and starts. The Minister of Finance has asked for the views of the Canadian public on his next budget, so let me now go even further.

It would be particularly foolish to cut back disproportionately either on Canada's support for multilateral institutions in the field of global development, or on its support for development efforts for the lowest-income people and countries, especially ongoing activities such as research, that are fundamentally long-term in their nature. Why should multilateral development institutions, poverty-and development-oriented research, and other long-term investments on behalf of the poorest be protected when so much else is being cut? The answers lie, first, in the particular importance - to Canada, and other small and middle-sized powers - of multilateral rules and multilateral institutions which cannot be easily bullied, although from time to time they still are, by the powerful. And, second, they lie in the fact that long-gestation poverty-reducing activities with very large, but delayed, payoffs must not be disrupted. Such disruption risks wasting the significant investments already made. As it relates to investments in the development of very low-income countries, this is a perfectly general proposition. Progress there is made through slow but steady building of human and other capital, and the gradual accumulation of knowledge and supportive institutions. In the sphere of agriculture, upon which so much else in the poorest countries depends, the research needed to feed the poor in the year 2020, and to do so in such a way as to preserve soils, water, forests and the overall environment, is necessary now in the 199Os; and it must be sustained.
Canadian exporters may prefer to reduce the relative share of Canadian aid that is directed to multilateral institutions because multilateral procurement through competitive tender forces them to compete and reduces the free ride they have enjoyed from domestic procurement tying. They may also be less than keen directing proportionately more assistance to poorer countries in which their immediate market prospects are not so strong. There has long been consensus, however, both among professionals and within the general public that the objective of trade promotion must be separated from that of development assistance. Procurement tying imposes heavy and unnecessary financial and administrative costs upon poor recipients. If exporters are to be subsidized or supported there are other instruments available for this purpose.

The national forum on Canada's international relations, held in March 1994, again recommended the separation between trade promotion and development assistance. It was also agreed there that assisting the poorest was a "fundamental priority" of Canadian development assistance policy. These conclusions have been reached by successive parliamentary committees, the best known of which was the Winegard Report of the mid-1980s. Besides, in a period of global recovery and a low Canadian dollar, exporters should not now require such extra support.

A guiding principle: local ownership of development programmes

What kind of external development assistance is most helpful to the lowest-income countries, those it should be our primary objective to assist? In principle, there is now widespread donor acceptance of the prime need for local 'ownership' of development programmes if they are to have any local credibility and therefore effectiveness. There are early limits to what can be achieved by external influence and policy leverage, even by the most powerful of financial or political actors. In its "principles for effective aid" the Development Assistance Committee of the OECD states that

"developing countries themselves are responsible for determining and implementing their programmes and policies... developing countries must own' their own structural adjustment programmes. This implies that the basis for coordinated international action must be the policy and programme, statements and actions of the developing country itself which must also, to the largest extent possible, be in charge of international aid coordination arrangements" (paragraph 248, 1992).

The Vice President for Africa in the World Bank has also said that the Bank is now "insisting that the materials we use as the basis for... lending decisions be the product of Africans" (Jaycox, 1993). The Bank has at the same time expanded its efforts to build local capacity for economic decision~making.

The actual practice: donor agency control

Yet how far has this admirable principle been translated into practice? Aid donors continue to impose stringent conditions, typically only weakly coordinated if they are coordinated at all, on the use of the funds they provide. Frequently these conditions are based on the commercial objectives of the donor country. Even when they are not, and they purport to be based on objective analysis of the recipient's requirements for longer-run development, they are frequently uncoordinated and even inconsistent with one another. In any case, they intrude on domestic sovereignty to a degree that would be unacceptable elsewhere in the international community. High-level officials from the World Bank and donor agencies often speak most eloquently about the need for local ownership but frequently they seem to be unaware of the degree to which their own officials' conditions actually intrude, even at the most micro-level, upon domestic policymaking. They frequently do so in circumstances where professional judgments are not uniform, and where domestic social and political considerations in the recipient countries are inevitably (and properly) dominant in the formation and sequencing of local policies.

The truth of the matter is that, whatever the rhetoric, donors frequently have little intention of granting 'ownership' to local decision-makers unless these decision-makers have, on their own, come up with policies with which the donors agree. Indeed, I have heard an official of one donor agency say that ownership means that "recipients do that which we want but do so voluntarily." Recipients of support from Northern NGOs complain of similar behaviour - though these donors' wishes usually differ from those of the governmental ones
.

Small wonder that so many recipients regard the donors' talk of local ownership as hypocrisy. Small wonder, as well, that they have tended to view the purported need for "policy dialogue" as little more than a smokescreen for monologues by the donors. No doubt the principal sources of finance deserve a powerful voice in the use of their money. On matters relating to finance and accountability and audit, rather than to developmental policies (on which technical views frequently diverge), there can be little quarrel with the need for "donor power . There can be no presumption, however, that those with money (and power) are any wiser about development policies - particularly those to be pursued in societies and polities far from their own shores - than anyone else. Obviously, completely separating the professional/technical issues surrounding development policies from financial control issues is sometimes difficult to achieve in practice. But the distinctions are, in principle, perfectly clear. And what is also clear is the continuing imbalance in the decision-making systems relating to development policies in poor countries. We need to work out what we really mean by this expressed concern for local ownership - and then do what we say.

Effective Agricultural Strategies

There is also now general agreement that the development prospects for the low-income countries of Sub-Saharan Africa and elsewhere rest centrally upon development in the agricultural and agriculture-related rural sectors. More particularly, longer-run prospects depend heavily on improved and expanded infrastructure and, above all, on improved technology for smallholder agriculture. Improvement in smallholder agriculture stimulates broadly-based rural development and typically more efficient use of inputs. (Some technocrats, politicians and decision-makers still believe that large-scale agriculture is generally more efficient than smallholder agriculture but, with very few exceptions, the empirical evidence in low-income countries is overwhelmingly to the contrary). Generally, there is particular need for improved technology for food crops and agricultural systems that supply food as well as other outputs.

Controversy continues, however, as to the appropriate role of government in the supply of agricultural inputs, agricultural credit and in agricultural marketing. In all these areas external donors, including the World Bank, have pressed for major reforms, usually involving liberalization and privatization. Obviously, then, agricultural and rural development strategies in low-income countries involve far more than simply achieving an appropriate incentive structure for farmers ("getting prices right"), important though that certainly is. Appropriate and effective agricultural strategies, like other development strategies, must be locally developed, widely understood, adequately financed, and basically locally owned.

Improving the African Record

The African record in aid-supported projects, notably World Bank projects that have been systematically evaluated, has generally been comparable with that elsewhere in the developing world. Only in the agricultural sector (and in respect of projects developed during a mid-I 970s burst of expansion) has the record of African projects been particularly weak. According to the World Bank's internal evaluations, between 1974 and 1988 only 51 percent of Bank-supported projects in agricultural and rural development in Africa were considered "satisfactory", against a record of 70 percent for all regions. Other sectors were rated as "satisfactory" in 75 percent or over of the African cases, roughly the same percentage as elsewhere. From 1974 onward, there was a significant decline in Bank projects' performance - only one-third to one-half of African projects in the agricultural sector were rated as "satisfactory" thereafter. According to the Bank's own studies, these later failures were caused by the adverse overall economic environment and by technical, managerial, and institutional weaknesses within the projects themselves. (On closer inspection, the Bank's studies of its own projects in Africa uncovered a serious and deeper problem of sustainability. Many of the agricultural and other projects originally categorized as "satisfactory" subsequently ran into difficulties over the longer term, many of them attributable to financing and institutional weaknesses.)

Evidently there are serious problems in policymaking, project preparation and sustained effort in the agricultural and rural sectors in Africa. At the same time, external support for the agricultural sector has been sharply reduced, as documented in a recent study by the International Food Policy Research Institute (Von Braun et al., 1993). Worldwide support for agricultural research has
suffered a particularly sharp cutback in the last few years. The gestation period for investments in agricultural research is a long one - typically 15 to 20 years between initiation and actual implementation in farmers' fields, in the best of circumstances. These cutbacks in agricultural research investments will have severe longer-term consequences for countries most in need of such investments.

Local capacity~building in policy formation

There are no easy answers for the development and poverty problems of low-income Africa. There is now, however, a much broader understanding of the necessity, in Africa, to take a much longer-term view of the possibilities and to keep efforts steadily on an appropriate track in order to have maximum longer-term effect. It seems to me that one of the key areas in which a concentrated and sustained effort could now pay large longer-run dividends is in local capacity-building for agricultural policy formation in the African context. Agricultural, food and rural policies have frequently gone badly wrong and they remain a source of donor-recipient conflict and domestic political tension. A significant effort, appropriately supported from abroad, to build African capacity and independence in agricultural economics and agriculture/food policy formation is now both desirable and possible.

Agricultural scientists are also increasingly recognizing the role of public policy. For example, the CGIAR's new vision of its future reflects not only its traditional orientation toward reducing poverty and its newly expanded concern with environmental sustainability, but also increased attention to public policy analysis. As already mentioned, the World Bank has also initiated major efforts to build African capacities in forming economic policy, more generally, via its African Capacity-Building Foundation.

An important precedent upon which the sphere of agricultural policy research and capacity-building could easily draw is provided by the African Economic Research Consortium (AERC). The AERC (which Canada's IDRC helped initiate and continues to support) dramatically illustrates the possibility of building a truly locally-owned network of African scholars and policymakers -in this case, a new thrust in macro-economic analysis. Through careful nurturing and a determination that the external presence would not dominate the African institutions, external support was able to assist a gradual and sustained build-up of the very capacity that, in the 1980s and 1990s, African governments and societies seemed most to require. This precedent could undoubtedly be built upon in the sphere of agricultural and food policies, which are emerging as among the most significant of Africa's next public policy questions. These policy issues need to be addressed at the level of individual region and country specifics and they need to be addressed professionally. Many of the issues are intensely controversial and the external pressures, frequently motivated by ideology and/or interest, are intense. Unlike the field of macro-economics prior to the AERC, agricultural economics has, in many African countries, already been vigorously supported by some external aid donors; but this support has frequently generated over-dependence on Northern 'twin' institutions, or been too narrowly focussed on micro-economic and farm management issues to the relative neglect of broader public policy issues, or both. Constructing an African-controlled network that permits local exchange of experience, research results, and collaborative training programmes may result in some conflict with existing North-South linkages. With sensitivity and care, however, such potential problems can surely
be overcome.

This is the challenge, therefore, facing the most innovative external donors:

to work with the existing AERC and CGIAR institutions toward more effective and vigorous efforts to building African capacities in the sphere of agricultural and rural development policy analysis.

Canada: An Important and Beneficial Global Influence

Canadian aid budgets have already been sharply reduced and seem likely to be cut still further. This need not be a totally bad thing for the Canadian development assistance programme, provided that these cuts are directed so as to preserve the programmes that matter most:

in particular, those that support agricultural progress in the poorest countries; most notably,

the CGIAR, which organizes the world's top agricultural scientists sustainably to raise food production and incomes for the world's poor; and

the IDRC, a research jewel the worth of which seems to be understood far better outside Canada than inside it.

If accompanied by new Canadian leadership on international economic governance, the 'package' could even significantly enhance Canada's overall contribution to a more satisfactory future for our planet. (Canada's official development assistance, after all, is no more than one-twentieth of total OECD assistance.)

Cutbacks could force the Canadian aid programme to concentrate on its main priority: long-term assistance to poverty alleviation and to development in the poorest countries. If accompanied by institutional reforms that protect its independence in doing so, with the trade promotion objectives hived off permanently to trade officials and the Export Development Corporation, such cuts might even be welcomed. In terms of international leadership on governance, Canada can use its position as host of the next 67 summit meeting (in Halifax in 1995) and as the smallest of the seven to build bridges between the 67 and the rest of the world with respect to the critically important review of the IMF and the World Bank and global economic governance in general.

Canada's role in the global community has traditionally involved strong support for multilateral institutions. Canada is one of only six countries that direct 30 percent or more of their development assistance through multilateral channels. (The others are Australia, Denmark, Norway, Sweden, and Switzerland.) Canada is the third largest financial contributor to the CGIAR, and Canadian research scientists have always been prominent in its important work. Its IDRC has been a pioneer in supporting development research that is locally-owned and in building longer-term capacity to ensure that the poorest countries will also own their future scientific programmes. These are matters of which those Canadians who know about them (and not enough do!) are proud. Such a Canadian role is part of our identity. Arguably, Canada can have even greater and more beneficial global influence as a leader in multilateral institutions and among other middle powers than as a bit player within the G7.

On no account should the government mistake the shrill (minority) voices that denounce the multilateral financial institutions, root

and branch, for the authentic voice of the informed community of Canadians most concerned with international development. In my judgment, concerned and informed Canadians
remain deeply committed to having Canada play a more important role in the global community, including an active role in reforming and strengthening its key institutions when appropriate, as in the case of the Bretton Woods institutions today. This commitment was manifest in the broad support, given during the public consultations in March 1994 for some of the government's expressed major foreign policy principles - in particular, the setting of a more independent course for Canada vis-a'-vis the US, and the reaffirmation of Canada's commitment to multilateralism, with its modernization to meet the needs of the 21st century. Cutting back disproportionately on Canada's multilateral involvements and programmes would be received very badly by large numbers of these concerned Canadians, as being inconsistent with the most significant of the government's expressed foreign policy principles. It would also send a wholly inappropriate signal to the rest of the world, just as Canada prepares to assume an extra leadership role on global economic affairs as host of the 67 conference in Halifax.
Those who are directly engaged in the political process are a small minority of the population. Membership in political parties is typically far less than that in more focussed pressure groups. The Economist recently pointed out that in the UK, for instance, the Royal Society for the Protection of Birds has more members than all the British political parties combined (13 August 1994, p.49). That fact says something about the British character. In Canada, though I cannot cite such membership figures in support, I believe that there is a deep and broadly-held desire, extending far beyond the political parties within which it is also found, to do more good in the world. It parallels a similar proclivity in other middle-sized industrial countries, in the Nordic countries and the Netherlands, among others, with which we have much in common. "Do-gooders" are sometimes denounced as naive, hypocritical or even dangerous. But they need be none of these. They can be sophisticated, practical, determined and, yes, even useful. Canadian political leaders and officials have, in recent years, failed to respond sufficiently to such aspirations among concerned Canadians. They now have important and unusual (perhaps even historically unique) opportunities to do so. It is our job to help them seize these opportunities.

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