

Turning back the direction of Canadian Foreign Aid

Masimba Muzamhindo

Advisor: Matthew McLennan

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School of Ethics, Social Justice and Public Service
Saint Paul University / Université Saint-Paul

Chapter One—Introduction.....	1
Main Currents of Academic Debate.....	14
The Relative Strength of Macdonald's Approach.....	20
Areas To Be Analyzed.....	24
Summary and Structure of Thesis.....	30
Chapter Two--- What is Foreign Aid?.....	31
Chapter Three - Canada's History of Foreign Aid.....	43
Chapter Four -- Where Canadian Foreign Aid is at Now.....	64
Chapter Five --- Why Canadian Foreign Aid doesn't Achieve its Stated Goals.....	70
Chapter Six ----- A New Canadian Aid Program: The Capability Approach.....	78
Chapter Seven--- Conclusions.....	109

The purpose of this thesis is to target a perceived lack of consistent success within Canadian foreign aid policy and recommend a way forward. It is also the aim of this thesis to provide an ethical and practical guideline to Canadian foreign aid policy through the Capability Approach. This Approach will be further fleshed out as this thesis runs its course.

At the end of 2009 Canadian aid was cut from 0.45 per cent to 0.25 per cent of Canada's gross national income (GNI). (Brown 79) This signalled the end of the optimism that Canada had had about aid at the end of the Cold War. There was the belief that aid could be used for projects that could target poverty rather than for geopolitics. Disillusioned by the lack of tangible results in foreign aid, Canada moved further away from reaching the 0.70 percent of GNI goal that had been long standing. (Brown 79)¹

In 2013 Canada moved further away from Foreign Aid having its own singular autonomous space within Canadian foreign policy when it folded the Canadian International Development Agency (CIDA) and combined it with the Department of Foreign Affairs and International Trade (DFAIT) in the Department of Foreign Affairs, Trade and Development. This was renamed to Global Affairs Canada (GAC). The move was done to create a uniform approach to foreign aid that focused on Canadian interests. This series of moves suggests that Canada has come to a point of frustration with an aid system that has lacked a clear-cut direction and is at a juncture of revaluating what aid is for. The move to combine different organizations that deal

¹ The goal of 0.70% GNI is one that has been set forth by the United Nations and the development community since 1958. The World Council of Churches in that year made the suggestion that 1% should be the target and the countries of the Development Assistance Committee (DAC) agreed. It was realized that these countries could not control or predict the private capital flows and could not adjust official flows to account for private flows. Due to this the 0.70% of GNI became the universal standard because it was deemed to be the most reasonable. (DAC 1)

with Canadian foreign policy was seen as a way to enhance policy coherence within Canadian foreign aid. (Essex 267)

In studying the Canadian aid system, I have come to the understanding that there has been a confusion between three different approaches within Canadian aid. These approaches have caused inconsistency within the aid system and this has caused the aid system to lack consistent success. These three approaches are ones where Canada is either the innovator within foreign aid, the leader within foreign aid due to a colonial past, or one where it uses aid as a way to further Canadian business interests. These approaches are not mutually exclusive and have at times worked in tandem but one has always taken the lead. This confusion of approaches has not fully addressed the needs of recipient nations to develop – which I will interpret herein as increasing their meaningful participation in the global market economy.

Canadian Aid is not the sole cause of the issues that have plagued recipient nations but it has not provided them with sufficient launch points to take development into their own hands. Foreign aid cannot take the role that the recipient countries should have in pushing forward development but it can work to assist as a catalyst. What I am pointing to here is the fact that aid has not been given to target social and economic development that can potentially work as a catalyst to move countries from “developing” to “developed”. The problem is that aid has been confused by three different agendas and has not established sufficient foundations for development. Essentially, if aid dollars are being given, or even expertise, then it needs to target root causes so that it at the very least produces results that can impact the wider scope of issues that have caused countries to stay “developing”. For example, gender equality has been a target for donor nations that are “developed” when giving to “developing” recipient countries. There has been a positive correlation between the recent narrowing of the gender wage gap

internationally through increased international trade and deregulation of the global market economy. (Black 1) If markets in recipient countries are made stronger then it is possible for women of the Global South to gain more equality. The attainment of gender equality does not need to be the overall goal of providing foreign aid in the Canadian system if this can be done organically through the development of the private sector. Furthermore, the focus on gender equality as the overall scheme of Canadian aid that I will speak about later in this thesis could be harmful in itself. Looking at what the individual is able to do and how their participation can be increased in the private sector could produce much fruit in the social relations within recipient countries – including gender equality.

When I speak of consistent *success* in the context of Canadian aid, I therefore speak of aid that *allows for the individuals within recipient countries and the countries themselves to be further along in their participation within the global market economy*. This participation I speak of is entrenched in Private Sector Development (PSD.) The Organisation for Economic Co-operation and Development (OECD) has a definition for what PSD is. It states that the

“Private sector is conceived by the donor community as a basic organising principle for economic activity where private ownership is an important factor, where markets and competition drive production and where private initiative and risk-taking set activities in motion. The Private sector principles can be applied in all economic activities – agriculture, industry and service (including the delivery of public services). Donor motivations for supporting PSD are based on promoting economic efficiency and social welfare. Donors agree that PSD is fundamentally about people: releasing and harnessing their productive potential and satisfying

their human needs and desires; and creating pluralistic societies which provide both human freedom and human security.” (OCED 1)

PSD has received a great emphasis in the Norwegian aid system when compared to DAC members (Including Canada). Norway’s commitment to foreign aid has doubled from 2003 to 2012 and at the end of 2014 the budget to PSD had grown more than fivefold. (Villanger 333) It reflects the recognition that income generation is an important part of the livelihood of the people in “developing countries”. Employment that is productive and gives access to jobs and even entrepreneurial opportunities is an effective tool for poverty reduction and can be understood as the most important determinant for living standards around the world. (Villanger 333) Espen Villanger is the Research Director at the CHR Michelsen Institute. He holds a Ph.D. from the Norwegian School of Economics, and is a proponent of PSD. In his journal article titled “Back to Business: Private Sector Development for Poverty Reduction in Norwegian Aid”, he points to the fact that the job creation that has accompanied the rise in gross domestic product (GDP) in “developing countries” has been “not anywhere near what is needed for the transition of economies largely based on agricultural low-productivity farming to high-productivity economies where a substantial share of the workforce has jobs”(Villanger 334) Villanger argues that for this reason Norwegian aid should seek to be as effective as possible in targeting PSD. A whole host of factors can confuse the results of PSD projects, and even with failures in PSD projects success can ultimately be had through trial and error. I believe that despite the difficulty in measuring success or failure with aid that targets PSD, the one thing that can reliably define success is how many individuals were able to gain and maintain employment. Of course this

employment must treat employees not as ends, but as producers of goods and put them in equitable relationships with those who own the means of production.

In Peter Hjertholm's book titled *Foreign Aid and Development: Lessons Learnt and Directions For the Future*, Chapter 13 contributed by Kragh et al speaks about the importance for foreign aid to impact the private sector. The private sector is considered to be "the main engine of growth". (Hjertholm 242) With the inefficiencies being more pronounced with "developing markets due to further market integration of the global south there is a need for aid to focus on PSD. They believe issues such as environmental depletion, unemployment, uneven income distribution can be addressed through aid that focuses on PSD." (Hjertholm 242) One key aspect they bring to understanding the implementation of foreign aid that focuses on PSD is that it should not have a master plan like the aid that is given to the public sector. Given the decentralized structure and competitive nature of the private sector there should be no master plan. (Hjertholm 246) This is a point I agree with because innovation within the private sector is a key to maintain success and efficiency for those who own the means of production. (Goldspink 17)

My focus on PSD is something that would not be new to the Canadian foreign aid system. CIDA began its support of PSD in the 1990's. (Douglas 1) Traditionally two main elements have encompassed the bulk of PSD projects. The first is support for local PSD within recipient countries and the second is the financial support for Canadian firms that carry out development-friendly commercial projects in the "developing world". (Douglas 1) Canada's activities within PSD have normally worked to impact institutional reform at the government level within recipient countries that focus on creating a business-enabling environment. It has also focussed on the "support for small and medium-sized enterprises (SMEs), the facilitation of

trade integration, and promoting activities that work to address the political, social, and economic barriers to people's participation in the economy.”(Douglas 1) They have included a strong focus on empowerment and improving the lives of those most marginalized. In the year 2003 PSD became defined policy within Canadian aid when CIDA rolled out its new policy titled *Expanding Opportunities Through Private Sector Development: Canada Making a Difference in the World*. The message from the President of CIDA stated that the goal of the policy was that “It strengthens our contributions to pro-poor economic growth and improved standards of living for people living in poverty. It's a policy focused on results: the creation of more and better jobs and sustainable livelihoods; markets that function well; and a growing, thriving private sector.” (CIDA 1)

A shift came in Canada's PSD focus in 2010 when it released the publication titled *Sustainable Growth Strategy*.(Douglas 1) It was a shift that focused on providing the poor with opportunities to help them meet the needs of business. It was no longer about removing structural barriers that inhibit the poor from benefiting from growth. With the folding of CIDA in 2013 a greater shift has come into being. The end of CIDA signaled the end of PSD occupying its own space within Canada's foreign aid portfolio. Canadian aid has become focused on gender equality as development. (Swiss 119) In 2017 it created its Feminist International Assistance Policy (FIAP). Within this policy there are six interlinked areas of focus: gender equality and empowerment for women and girls; human dignity; growth that works for everyone; environment and climate action; inclusive governance; and peace and security. This new policy, regardless of the department, will focus on gender equality and the empowerment of women and girls in ways that are both targeted and crosscutting in all action areas.(GAC 17) The goal is by the year 2021-22 for 95% of Canada's bilateral international development initiatives to target or

integrate gender equality and the empowerment of women and girls. The focus on gender equality by the GAC has also mixed into its other objectives in foreign aid such as humanitarian, peace building and sustainable development. One of influences that caused a gender approach to aid to take the center stage today was the constant critique that Canadian aid needed better policy coherence. (OEC 14) This is something that the OECD commended Canada for when it combined its different foreign policy departments to form the GAC. (OECD 14) In the end it seems as though Canadian aid in the 90's had figured out what could impact development for the whole of society including its gendered dimensions when it integrated PSD into the system but then elected to focus on a aid system that makes them the leader and the innovator within foreign aid. gender-based focus.

I do not discount the fact that gender-based approaches can have positive results within foreign aid. Nor do I believe that gendered based approaches exclusively target women's issues. My issues with the FIAP come from the standpoint of how it will be operationalized in recipient countries with colonial pasts and the actual identification of where gender inequality takes place. There is a rhetoric within "developing states" that has allowed dictators to maintain their grip on their nation. It is one where they point to actions taken by the west as an attempt to regain subjection over them. Being from Zimbabwe and analyzing Robert Mugabe's leadership of my home country from an academic standpoint as well as a personal standpoint, I am able to see this rhetoric in other developing states such as Venezuela, Myanmar, etc. The provision of foreign aid makes claims of the age-old philosophical question of what the good life is. Preferred ethics and morals are prescribed from state to state and judgements are made on cultural and social practices. Using the FIAP in recipient countries that are "developing" and all have colonial posts could help strengthen such rhetoric. Identifying gender inequality is an issue because now that it

has become the predominant focus of the aid system it will have to go to battle with the rest of Canadian foreign policy. The main question is if the aim is to target gender inequality, then should not all recipient countries of the 20 that receive the most significant aid from Canada be those with most gender equality rather than those Canada has a strategic interest in? I understand that I am speaking to a gold standard within aid asking for complete altruism in this indictment of the aid system, but the level of altruism needed to operationalize the FIAP does not exist in the current aid system that panders to the needs of the whole of Canadian foreign policy. It is my belief that if PSD had been allowed to run its course and moved a step further and become the central focus of Canadian aid, then recipient countries would be further ahead in development as I define its success herein.

I have spoken of meaningful economic participation in the early going of this thesis and it is important to get a picture of what this means within PSD. I speak of individuals within recipient countries being able to be private owners of the means of production, and/or for individuals to exist in equitable relationships as labourers with those who are owners of means of production. It is the same participation that Canadian aid had identified when it focused on the structural barriers that inhibit the poor from experiencing the benefits of growth. Therefore, I am ruling out labour practices by those owners that create too wide a gap in bargaining power between them and their employees and put workers in dangerous work environments at the benefit of the company's bottom line. An example of a wide gap in the bargaining power of employees and employer that is found in the "developing countries" is the higher wages that employees will earn from multinational corporations in the "developing world" in unsafe working environments. It is believed by corporations that the trade off is fair because the compensation received is higher than they can get in the local job markets. (Clark 344) This type

experience as markets in recipient countries become successful is one that I seek to avoid with my aim in PSD. Another way meaningful participation should be understood is negatively, from what doesn't exemplify participation in the global market economy. This is found in a quote from Paul Collier's book *Bottom Billion: Why the Poorest Countries are Failing and What Can Be Done About It* that reads,

“What of the governments of the countries at the bottom? The prevailing conditions bring out extremes. Leaders are sometimes psychopaths who have shot their way to power, sometimes crooks who have bought it, and sometimes brave people who, against the odds, are trying to build a better future. Even the appearance of modern government in these states is sometimes a façade, as if the leaders are reading from a script. They sit at the international negotiating tables, such as the World Trade Organization, but they have nothing to negotiate. The seats stay occupied even in the face of meltdown in their societies: the government of Somalia continued to be officially “represented” in the international arena for years after Somalia ceased to have a functioning government in the country itself.” (Coiller 23)

The participation of “developing countries” in these international financial institutions that have managed to influence the structure and practices within the global market economy is quite limited. It has been limited largely to “debtor” and “creditor” relations between “haves” and “haves not”. Why the “developing world” has managed to be on the “debtor” and “haves not” side in these relationships is largely due to less than developed economies. Specifically, economies that can trace their economic downturn and stunted growth to colonial pasts.

There has been literature that has described this relationship. Immanuel Wallerstein, the famed sociologist and social scientist, is recognized for constructing the World Systems Approach. He described a world system as,

“a social system, one that has boundaries, structures, member groups, rules of legitimation, and coherence. Its life is made up of the conflicting forces which hold it together by tension and tear it apart as each group seeks eternally to remold it to its advantage. It has the characteristics of an organism, in that it has a life-span over which its characteristics change in some respects and remain stable in others. One can define its structures as being at different times strong or weak in terms of the internal logic of its functioning.” (Wallerstein 229)

Wallerstein argues that the Capitalist World System that we exist in functions in an arena that is so large that no one political entity can control it. This has given capitalists the ability to maneuver their structural base. This has allowed the Capitalist World System to expand constantly and skew the distribution of rewards in favor of specific groups. (Wallerstein 230)

Rosa Luxemburg and David Harvey have expanded on this point stating that capitalism will expand into non-capitalist areas to keep growing. Luxemburg points to how imperialism plundered from non-capitalistic social formations to continue this growth. (Harvey 235) For Harvey this process has become internalized through the credit system and deployment of state powers that has eroded pension and welfare rights within capitalist states. (Harvey 77) It has been argued by some proponents of the World System Approach that the reason why “developed nations” don’t present “developing nations” with an “image of their future” is because their relationship is one of ongoing exploitation. (Bair 606)

Within the World Systems Approach there was the development relationship structure termed the Core and Periphery. The Core and Periphery has also been understood in terms of Dependency Theory. In this concept “developed nations” can be understood as the core and “developing nations” can be understood as the periphery. In their relations, the peripheral economies conform to the needs of the core economies. (Hyniewicz 2) Raul Prebisch, who is given credit for developing this concept, believed that the underdevelopment that existed in South America was structural. It was created by international economic relations. (Prebisch 31)

Foreign aid has not been immune to this type of critique. Foreign aid has been given through multilateral organizations such as the IMF, World Bank and the WTO. One of the ways that they have given aid is through what is known as Structural Adjustment Policy (SAP). SAP’s require recipient nations to take up market policies that are based on liberal principles in combination with a loan that is given by the donor organization. The stated hope is that they will work in tandem to produce positive results. In 1999 this form of aid was written in the Poverty Reduction Strategy Paper written by the IMF and World Bank. William Easterly in his critique of SAP’s stated,

“My main result is that IMF and World Bank adjustment lending lowers the growth elasticity of poverty, that is, the amount of change in poverty rates for a given amount of growth. This means that economic expansions benefit the poor less under structural adjustment, but at the same time economic contractions hurt the poor less.” (Easterly 362)

These results stay consistent with the critique that SAP’s by these organizations only benefit the standing of corporations and their results never truly help the poor. They target the formal sector but miss the informal sector from which the poor in recipient countries derive most of their

income. (Easterly 363) They have exploited by forcing these countries with less diverse economies to compete in the global market economy with markets that have been well established. Nonetheless, participation in this Capitalist World System becomes the key factor to development. If aid has sought to impact poverty in recipient nations in all its forms, then it all comes down to what has been stopping the world's poor from participating and what will make their participation meaningful.

The road to meaningful participation when analyzed is through further development of private sectors that bolster and develop national markets. From this vantage point the private sector should be primarily analyzed from the individual level. The questions to answer are what can an individual do, empirically speaking, and what can be done so that individual can do more? If the individual can participate more in their local markets with barriers being removed, then all things being equal this improves national markets. If national markets improve, then the dynamics within these international financial institutions level out. An example of this is seen in South Korea. It is considered to be a “developing country” that is now “developed”. It has managed to pay off its debt with the IMF in 2001 and was able to escape the type of participation other “developing countries” experience in these institutions. It has won cases against the US using the WTO and has been a member in plurilateral agreements within the WTO. (WTO Member Information 1) Being the 11th fastest growing economy in the world has allowed it to achieve both these feats. This has established a highly motivated and educated populace. (Kim 29) The government has fostered the growth of its private sector through the Act on Small and Medium Enterprises of 1966. The purpose of the act is to “provide for basic matters concerning the direction-setting for small and medium enterprises and measures for fostering small and medium enterprises with the aim of supporting their creative and independent growth, improving

their industrial structure, and facilitating the balanced development of the national economy.”

South Korea was believed to be a country that could never have experience great economic growth due to its lack of natural resources and so it focused its economy around its human capital. (Kim 3) These two factors – education and focus on human capital – have transformed its private sector, and these will be a crucial element in the direction that I believe Canada should take when it gives to its recipients.

The central question at issue is whether an aid system that focuses on PSDA will improve the overall efficiency of Canadian foreign aid. Efficiency from this standpoint is based on the answer to the question of how many people Canadian aid introduces to meaningful participation, as described above, in the local markets within recipient countries. This question is central because of the wider debate among Canadian academics who have produced work on the subject of the different directions in which Canadian foreign aid has gone. *I believe that an approach that mostly focuses on PSD and that focuses on reducing barriers of the participation on an individual level will prove to be more beneficial to the success of Canadian foreign aid, than the current FIAP approach.* Canadian aid does attempt to do this but through gender-based approach that focuses on creating gender equality in recipient countries. It sees gender equality as the launch point to solving issues such as good governance, economic development and other social and political ills such as a lack of reproductive rights. The goal of my approach is to be a catalyst to allow these objectives to take place organically within recipient countries and this includes gender equality. If this takes place it is more likely that they hold close to these societies rather than them being pushed artificially by Canadian aid. That is why I value a general PSD approach that looks to target disadvantage from its many angles.

As mentioned earlier, there has been a confusion in the direction Canadian foreign aid has gone in. Because of this there is a debate among Canadian academics on why Canadian foreign aid has gone in its different directions. I choose to emphasize Canadian academics because they present the most nuanced approach to Canada's experience with foreign aid. The reasons each nation has given to justify aid comes back to a whole host of factors such as historical experience, cultural and social norms, political structure, etc. It will be best to use this group of academics to narrow the reasons why Canada has given aid. I will highlight four academics who have made a profound impact on this subject matter.

The first of these is Kim Richard Nossal, a professor within the Center for International and Defence Policy at Queen's University. His belief is that foreign policy largely takes place from a statist approach. In the 4th edition of *The Politics of Foreign Policy*, written with two Professors at the University of Montreal Stephane Paquin and Stephane Roussel, they state:

“We argue that because foreign policy is forged in the nexus of three political environments—the international, domestic, and governmental—it cannot be analyzed unless each level of politics is examined: It is within these three spheres that the sources, or the determinants, of a state's foreign policy are to be found.” (Nossal et al 33)

Canadian Foreign aid has worked under these three areas at the express interest of the state, and Nossal has further stated that:

"It makes more sense to look at the interests in development assistance from the perspective of the donor government and its officials rather than from the perspective of the beneficiaries of ODA expenditures in either Canada or the Third World." (Nossal 38)

Nossal went on to build on this statement following realist assumptions when exploring the interests of state officials and came to the belief that Canadian development assistance is heavily favoured to the benefits of the Canadian government. He believes that Canadian policy was by "all accounts so limited, and so wanting in terms of achieving development objectives for the South." (Morrison 431) His understanding of the aid system in Canada holds great academic weight.

Another important academic contributor is the late Cranford Pratt. Upon his passing in 2016, he was Professor Emeritus of Political Science at the University of Toronto. As a scholar, he dedicated his life's work to the study of social justice and humane internationalism. Robert Matthews, Professor Emeritus of Political Science at the University of Toronto, wrote a tribute article in the *International Journal* and speaking about the work of Pratt, he said:

"His work was instrumental in overcoming the ignorance surrounding Africa and African politics and in establishing the politics of the developing world as a subject worthy of serious investigation." (Mathews 6)

Richard Stren, Professor Emeritus of Political Science and senior fellow at University of Toronto's Global Cities Institute, claims in an article written by the Globe and Mail said that Pratt:

“had brilliant insights into the ethical issues connected with development at a time when Canada had a very incoherent and half-hearted approach to assistance to poor, especially African countries.” (McKean 1)

When Pratt broached the subject of Canadian foreign aid, he took on a Dominant Class Marxist/ Neo-Marxist view. In several articles and he argued that “the dominant-class thesis was the most convincing approach for understanding Canada's relations with the “Third World”.

(Morrison 433) He believed that beginning in the mid seventies there was a waning influence of liberal and international humanist on Canadian foreign policy. He drew from Fred Hirsch’s book *Social Limits of Growth*, where he stated that,

“An ethically tolerable capitalism requires the widespread presence of values and attitudes which the practice of capitalism persistently undermines. For a long time... religion, education, and various other non-capitalist institutions kept alive those values which are essential to a well-ordered capitalist society though foreign to capitalism itself. However, the institutions which have filled that role have gradually been weakened by the omnipresence and power in capitalist societies of an acquisitive and materialist individualism.... One must therefore anticipate that unless there are features of post-industrial society which will generate a revival of these values, the capacity of political institutions in modern capitalist societies to contain economic individualism in the interests of collective values will continue to decline.” (Morrison 433)

With these factors in place, Pratt’s Dominant Class approach stated like Nossal’s view that foreign aid has been dominated by state actors, but more importantly it has been used for the advancement of global capitalism. Official Development Assistance in its aim to advance global

capitalism has further entrenched the wealth and power of the dominant classes in both the North and South. This view stands close to his work as an academic because he was consistently concerned by the ethics of aid.

The next academic contributor is a Professor in the Department of International Development Studies and Department of Political Studies at Trent University, David R. Morrison. He was the founding Chair of Comparative Development Studies at Trent University and he has also played a major role in developing Trent's extensive study-abroad opportunities and the Trent International Program. He has published many articles, but the crown jewel of his academic work is the book titled *Aid and Ebb Tide: A History of CIDA and Canadian Development Assistance*. It is one of, if not the most comprehensive books written on the subject of Canadian foreign aid; with sources coming from interviews with former CIDA employees, data from the archives of CIDA and even literature reviews of other academics who have broached the subject matter. In a book review of this work, Cranford Pratt stated:

“David Morrison's book has long been anticipated. It does not disappoint. It is marked by the most careful scholarship, a clear and accessible literary style, a telling sensitivity for apt quotations, nuanced theoretical and normative judgements, and a sure touch when dealing with politics and personalities. *Aid and the Ebb Tide* is and will for long remain absolutely indispensable for anyone interested in Canada's relations with the “developing world”, in the making of public policy in Canada, and in the complexity of any serious effort to give expression in Canadian foreign policy to the underlying social values that, though under strain, are still central to the Canadian political culture”(Pratt 9)

In his book, Morrison's argument for the multiple directions Canadian foreign aid has taken is one that runs contrary to Pratt and Nossal. He believes “the Statist and Dominant Class

approaches fail to direct due attention to the processes of political brokerage and interest mediation that have shaped the multiple, often-conflicting objectives and policies of Canadian aid. Moreover, these approaches undermine the complex processes that take place to determine the direction Canadian foreign aid has taken.” (Morrison 25)

The last major academic contributor that I have chosen to focus on is Professor within the Department of Political Science and the Institute of Political Economy at Carleton University Laura MacDonald. She has published numerous articles in journals and edited collections on such issues as the role of non-governmental organizations in development, global civil society, citizenship struggles in Latin America, Canadian development assistance and the political impact of the North American Free Trade Agreement (NAFTA). Her recent work looks at Canada’s role in Latin America and different policies that reduce crime and violence in Mexico City. She is a member of the McLeod Group, a group of academics and development professionals working to advance Canadian policy and action in international cooperation and foreign affairs.

In regards to Canadian foreign aid, MacDonald sees value in Cranford Pratt’s Marxist/ Neo-Marxist Dominant class view on some of Canada’s motivation but feels that it does not go far enough. She uses the work of Edward Said and other postcolonial writers and argues that the ideological patterns within the aid system have been dictated from the time Canada played the role of junior partner within the British Empire. This has continued to affect the way Canadians see the Third World and thus has affected the official policy of foreign aid. Moreover, the experiences and attitudes of Christian Missionaries carried over to the growing numbers of Canadians who have worked in “developing countries” as experts, consultants and volunteers. In her work she states that these groups carry on with:

"The sense of mission, and the paternalistic ideology which viewed Canadians as uniquely suited to solve many of the world's problems, particularly the problems of the non-European world, did not diminish. Rather, it took on a more secular tone."(Macdonald 123)

The terminology shifted from those in the "developing world" who needed to be "uplifted" because they were a part of the "weaker races" to those who were "poverty stricken" and needed help. (Morrison 437) This language shaped the idea of an egalitarianism with the "Third World" that was based on a partnership that focused on interdependence. Despite this new language MacDonald states in her work:

"The language of interdependence conceals the real power relations at work in development policy. . . . The hierarchies of power and status created under Empire were recast in the postwar years, but the end of the era of formal imperialism did not eliminate the economic nor the ideological structures of power which were created in that era.... [The] history of colonialism and embedded assumptions about the ability of non-whites to govern themselves underlie and facilitate these unequal partnerships."(Morrison 437)

Therefore, her conclusion with the dominant class view is that the ideology has been exemplified in the discourse of development in Canadian foreign aid and is supportive but not mechanically determined by the requirements of an increasingly internationalized capitalism. (Morrison 437) In a sense her move here with her critique of the Dominant Class Marxist/Neo-Marxist view is to be somewhat Post Marxist. She is working within a type of class consciousness that Marxism works within, by speaking about economic and ideological structures of power which were established by colonialism. But at the same time she believes that structure does not fully determine Canadian aid. It has profound impact without doubt, but it

is not the be all and end all of the Canadian aid system. In analysis of this view David Morrison said that,

“Discourse analysis in the neo-Marxist tradition, like the earlier concept of relative autonomy of the state, offers scope for transcending the reductionist and deterministic tendencies found in cruder versions of dominant-class theorizing. Nonetheless, while it is able to accommodate an understanding of human agency and non-material motives, the ultimate focus on class, capitalist relations of production, and legitimation of those relations—all without doubt fundamentally significant phenomena—unduly deflects attention from power, prestige, security, and other factors that drive human behaviour.” (Morrison 437)

We live in a time in history where the works of Karl Marx seem to have lost a type of legitimacy because of the various regimes that failed to fully convert to the communism that he and his co-author Friedrich Engels spoke of without rigid definition in their book *The Communist Manifesto*. Furthermore, the world becomes more and more integrated into the global capitalistic market to a point that seems to be path dependent. To some, it feels there is more and more evidence to show that Marx’s predictions of the demise of capitalism have no place in worthwhile academic work. But a key understanding made by Marx was his view that capitalism can function and look differently in a world that has diverse cultures. (Husain 2) This is a critique that is shared by the Feeble Market view towards the global market economy; it is a view that economic sociologists prefer over others like the Liberal Dream and Marxist Commodified Nightmare. Economic sociologists prefer it because it takes a look at how various social factors affect various economic phenomena. (Fourcade 286) The Feeble Market emphasizes the market structure and economic development over moral order. It looks at how

culture interacts with market structure and economic development. (Fourcade 286) When the moral order from this view is spoken about, it is done so to discuss how a country's culture and institutions have contributed to the performance of its markets. The view at times may even prescribe ways of improving markets. The global market economy has taken the direction of a neoliberal capitalist market economy in the eyes of economists within the Feeble Market approach. This shift in the global market economy has been guided by various western states and international financial institutions. In this view there are three tendencies: Realist, Voluntarist and Differentiated. It is the Differentiated tendency that says capitalism follows different paths in different places. (Fourcade 296)

The Relative Strength of MacDonald's Approach

One crucial thing that Professor MacDonald allows for is a critique of the dominant mode of production, and at the same time she allows for human agency to have a role in impacting development within recipient countries. By this I mean that she works on the premise that the mode of production within a state or state to state relations plays a distinct role that is to be analyzed but at the same time social norms can and at times will decide outcomes. In a sense, her fluidity in the Marxist structure runs parallel with the fact that capitalism has adapted in ways that Marx did not envision and this makes her view ideal for the study of foreign aid. This is because aid has not fully been governed by economics but has also been governed by the social structure that has agreed upon norms. MacDonald's analysis of the Canadian aid system is important because it accounts for culture and economic systems. She makes an argument that aid has been influenced by both in a way that the other three do not.

MacDonald's work shows that a Marxist approach can have legitimate input in analyzing the Canadian foreign aid system. While there have been aims to further capitalistic outcomes within the aid system, as Cranford Pratt has pointed to, it is the case that agreed upon social norms and ideas of the nature of modern society have been a keen detractor of self-interested economic decisions in Canadian foreign aid. MacDonald's view looks further into the power relations and moves past the claim that a Marxist approach is overly deterministic and that's what gives her analysis an edge. When Morrison is more interested in the brokerage and interest mediation that drives foreign aid in many directions in the Canadian system, he fails to see that at the overall ideological structure of the aid system dictated the agenda for those deals to be brokered. Human behavior in the Canadian aid system has been inclined by the ideological power structure that stems from Canada's junior partner role during its time in the British Empire. Any debate being made for the direction aid should take has been bound to that ideological framework; this includes ideas of power, prestige, security, and other factors that have driven human behaviour as mentioned by Morrison. It made no difference who has pushed the button or how they were able to push the button of aid because the types of arguments being made were dictated by the three approaches that these academics have pointed to in the Canadian aid system. This continues to be the case today. The Realist Statist view that Nossal has pushed for aid has missed the mark in some respects because of the idea of the altruism (even if it has been misguided) within the Canadian foreign aid system. It is no doubt that the state plays a role in state to state relations internationally and it is easier at times to look at state action as an attempt to preserve itself, but that would be too simplistic when it comes to foreign aid. Proof of this is that aid was given at times when the Canadian economy was in the precarious position of recession.

Altruism must exist for foreign aid to be considered true foreign aid. If states were to give aid purely from the Realist Statist approach, then they would lose a kind of legitimacy within the international sphere. When giving no strings attached aid to the “poverty stricken” it cannot be fully self-interested upon its face, even if it is. In a Kantian way it is about the maxims at play rather than the consequences. When aid is pitched to the power brokers and even dispersed to recipient nations the thought and aim behind it should be (at least perceived to be) selfless giving in a cosmopolitan world. The father of modern-day Realism Niccolò Machiavelli stated in *The Prince* that it was important for a leader to display all virtues even if they do not actually possess all virtues. If a state uses this Machiavellian principle while providing aid, and if that aid when it is analyzed works in the favor of the donor state, then it is seen as not being true aid by most of the donor community. Thus, a view that realpolitik has no place in aid in the donor community. China, for example, is a state that has received a sort of pariah status in the foreign aid community. This is because its aid program has been seen to be largely in the self-interest of the state, because it has focused more on the business side and as a tool to control smaller countries. Scott Kennedy, director with the Project on Chinese Business & Political Economy under the American Think Tank Center for Strategic and International Studies, gave a snapshot of the Chinese system when he stated,

“In its outward aid, China does provide funds and in-kind contributions for poverty alleviation, but it also is an advocate of the concept of ‘development finance,’ in which a substantial portion of foreign aid is framed as investment, where it is entirely reasonable for the Chinese to seek to make a profit and pursue their own interests in the deal.” (Jennings 1)

The Chinese state has been less interested in dealing with the human rights issues and various social issues in the states they give aid to and this has been a problem for the aid community. The goal for aid by most states has been to improve good governance in the “developing world” and this has been seen as a virtue by most of the aid community. This has caused the aid community to dismiss the Chinese system as foreign investment and not foreign aid because it is not playing close to agreed upon norms. The Development Assistance Committee (DAC) is the most influential international body to define what foreign aid is and China is not a member. When China engages in activity with the DAC in any capacity, it is seen as symbolic because the Chinese development agenda remains consistently out of the DAC’s framework. (Brautigam1) It is fair to say that China has not agreed upon DAC norms, but a state working unilaterally in international relations often does not acquire legitimacy. An argument that could be made is that China’s experience as a colonized country could cause an aversion to the idea of forcing political structures on another state. More of this will be discussed in later areas of this thesis.

Areas to be Analyzed

In light of the above considerations, this thesis will work off of the analysis of the Canadian foreign aid system that has fluctuated between times where its main focus was to be avant-garde within foreign aid, and self interested in the sense that it would give aid to advance Canadian business interests. The thesis will look at how there have been instances where the analysis made by Laura MacDonald is exemplified and mixed in with these two other approaches within which aid has fluctuated. It is a fair assessment to say that Canadian aid has been at times influenced by its time as Junior partner in the British Empire, and to some degree some vestiges

of this influence still exist today. This approach will be understood as “Canada as the leader”. I will begin my look into the Canadian system from 1950 because this was the period where the country became fully involved in aid. Prior to this time aid was less focused and was more reactive than proactive. It is also agreed upon by most Canadian historians and social scientists that this was when Canadian foreign aid started.

Another major phase of analysis will be one that looks to improve the efficiency of the Canadian foreign aid program. One of the main impediments to the system has been the multifaceted approach it has taken and its multiple influences. These influences have caused policy incoherence that has given the rise to the need to focus aid through the FIAP. It would be better for the system to have a singular focus on a general PSD approach. This approach would be free flowing and would work on the understanding that the market has no master plan and so it shouldn't. By this I mean business enterprises usually look for innovation to achieve consistent success in the business and since PSD works on business development my approach will focus on innovative business building in recipient countries. This is because policy would develop at the needs of the individual in the diverse recipient countries Canada gives aid to. Because the status of the individual is always changing due to the unexpectedness of life there will be need for policy that isn't rigid to one specific aspect of society. One fact that can't be understated is that foreign aid cannot be understood as the fix for all the issues within a state. The overall argument that I make will be that it could be a catalyst. While I push for an aid program that is innovative with policy developing wherever the capabilities of the individual are stifled, there will be the expectation that in a Kantian way the maxims at play will ensure that the individual is being treated as an end rather than merely a means. This means the labour rights that have been recognized in a document such as the Universal Declarations of Human Rights found in articles

23 and 24 will be the standard in foreign aid policy. Foreign aid policy will ultimately look to instil the importance of the rights labourers at all levels within recipient states. Through PSD there will be the empowerment of social and economic classes within the “developing world” that have been disenfranchised. My argument is that the sole focus of Canadian aid should be focused on the attempt of building a middle class in these countries. The middle class in some of the world’s most influential revolutions has often pushed political and social progression forward, and the middle class has been seen as a key indicator of modernity. Proof of this is provided in Abdul Embong’s book *State-Led Modernization and the Middle Class in Malaysia*, that examines the emergence and role of the new Malay middle class. He looks at its impact on democratization and evolution of civil society in Malaysia.

PSD has been my aim in regards to the focus Canadian aid needs to take. Given that the nature of aid that is associated with PSD should have no master plan, I believe that there is one theoretical framework that would work well with policy that is made within aid that focuses on PSD. This theoretical framework is the Capability Approach as formed by development ethicist Amartya Sen. The Capability Approach at its most basic definition looks at what the individual is able to do and what they are able to be. If the individual is able to do more economically then they have the possibility of being able to do and be more things, thus their wellbeing as a whole is being improved. They maybe able to do more things such as providing for their family basic amenities, medical care and education. Severine Deneulin gives an image of the Capability Approach against that of normative developments approaches such as Welfare Economics in her book *An Introduction to the Human Development and Capability Approach: Freedom and Agency* when she states,

“Now consider an approach to development in which the objective is to expand what people are able to do and be – what might be called their real freedoms. It puts people first. In this view, a healthy economy is one that enables people to enjoy a long and healthy life, a good education, a meaningful job, physical safety, democratic debate and so on. Notice two shifts from the earlier approach: first, the analysis shifts from the economy to the person. Second, the currency of assessment shifts from money to the things people can do and be in their lives, now and in the future. In both situations, trade-offs surface. Policy must consider which groups of the population to focus on (*distribution*), and which period of time to prioritize (*dynamics*). In the second approach, there are also trade-offs to be considered between which aspect(s) of people’s lives to focus on (*dimension*). While each perspective takes a fundamentally different objective, they are not totally distinct; they overlap. Those who focus on people’s lives are still vitally concerned with economic growth, macroeconomic stability, income poverty reduction and many other means of improving people’s lives. And those focused on sustained growth still concern themselves with healthy, educated and skilled workers, and some modicum of peace and stability. Yet as has been discussed in the previous chapter, normative frameworks and ideas about what matters have enormous practical implications.” (Deneulin 23)

This approach presents an opportunity for the individual to pursue their own idea of personal development that will join together in a larger picture of development that impacts their community, society and nation. It is one that leaves room for human agency and cultural diversity in defining what development looks like. This makes it very applicable to the new program I seek to construct within the context of Canadian foreign aid. It will a program that will

contribute to defining gender equality as a goal of development without taking the wrong turn Canada has by putting the gender cart before the horse.

This approach will be further fleshed out in greater detail in the conclusion of this thesis. Aside from factors such as uneven bilateral trade agreements, structural adjustment policies and international trade rules imposed by various multilateral organizations, the “developing world” also hasn’t had the capability to function in the global market economy in any autonomous way. It has been the Periphery of the Core. More precisely, imperialism, colonialism and neocolonialism have often rendered the “developing world” as the periphery to the “developed world” core. Resources have always been extracted at favorable advantage to the “developed world” from the “developing world”. The Capability Approach is not typically used for the purpose of private sector development because the private sector analysis looks at typical economic indicators to evaluate well being. The difference in my use will be strictly confined to reducing the barriers both internationally and nationally within recipient countries that strip individuals of capability to take part in national markets and help regain control over their economic environment.² Giving individuals a chance to participate in local markets will possibly allow them to cover their basic needs. If they are able to cover basic needs regularly, they can possibly obtain a surplus of capital. If a surplus exists, they can possibly move to focus on non-material capabilities and post-material values. This will positively impact the individual capabilities. Economic capabilities will facilitate further capabilities at the level of the individual. A key to this will be a social apparatus being constructed to focus on inhibiting harmful labour relations. This apparatus would include labor unions and labor laws and tribunals that address labourers’ needs and rights. This comes back to ensuring the individual is able to participate

² This use of capability approach can be justified through the work Martha Nussbaum does in her work *Creating Capabilities* p.34 where there is a material sense in her 10th capability.

meaningfully in the global market economy as well as local markets. Often the various directions of Canadian foreign aid have taken have not allowed for this to happen. The lack of efficient private sectors has limited the “developing world” to the point that all major international financial institutions are rooted in the “developed world”.

The Capability Approach was born out of the need to counter welfare economics. Welfare economics uses microeconomic techniques to evaluate well-being at an economy wide level. Examples of these types of measures would be economic efficiency and equity. Welfare economics has relied on technocratic knowhow to decide what wellbeing looks like when poverty creates more real-life personal issues. The Capability Approach creates a holistic approach to wellbeing that is far more suited to meet the “developing world” where it is on its path of development. It makes little sense to look for high technical jargon for markets that don’t have pertinent economic indicators. The success of these markets should be viewed from the main question of “how many more individuals were able to participate meaningfully in local markets”?

Let it be understood that the goals of gender equality and good governance that Canadian foreign aid has and is now fully targeting are indeed important, but the need for more economic participation in the “developing world” can spark positive gains in those directions. Trillions of aid dollars have gone from “developed world” to the “developing world”, but the “developing world” remains developing. Aid has been a fixture in the foreign policy of the “developed world” and even in times where aid could be cut for the preservation of these states, foreign aid has been still given. There are many arguments to be made against aid but it must be accepted that it is not going away any time soon. (Moyo 28) The more pragmatic approach would be to improve aid, and what can be seen in the Canadian aid system is that there have been three approaches that

have confused its coherence. The fix for this seemed to be to choose a facet of aid that Canada has built a distinct idea of when it chose FIAP. It was something that could lead the world in and something it felt could impact the private sector in. It is my view that narrowing the focus of the private sector to one specific dynamic within society, believing that it will favourably impact complex societies with states that have experienced economic exploitation historically and presently is dangerous. That is further reason for why the Canadian system needs to follow a better approach.

Summary and Structure of Thesis

This introduction has discussed the major questions that this thesis will seek to answer. It has given a bird's eye view of the debate that has taken place within Canadian foreign aid, as it pertains to its various aims. From this debate it has explained why the work of Professor Laura MacDonald is the most useful to the purpose of this thesis. While doing so it sought to explain why Professor MacDonald's analysis of Canadian foreign aid is most compelling and best fits the needs of this thesis. It has shown that in that debate there are academic contributors who are less pertinent to this thesis in comparison to MacDonald. It has also given a snapshot of the various analyses that this thesis will take on. It has also shown how instead of having a "master plan" for the production of Canadian foreign aid policy, there will be a "master norm" in the form of the Capability Approach that will dictate policy when it comes to the different aid recipient countries.

What follows is a discussion of what foreign aid is in Chapter 2. This will set the stage for Chapter 3. Chapter 3 will explain the various directions that have characterized Canadian aid since its beginnings in 1950 to 2000. It will take note of different happenings in aid that

exemplified the three approaches that at times competed with one another or mixed together. The next chapter, Chapter 4, looks at the last 13 years of CIDA in order to understand why the radical change took place in aid; this change being its subjugation to other interests within Canadian foreign policy. The next chapter, Chapter 5, will explain why Canadian aid has not impacted the areas that act as catalyst to development. I will use the analyses of economists Karl Marx and Milton Friedman to explain how markets work and how they liberalize societies. These two individuals have views that are much opposed to one another but find a point of convergence when they make the argument that the market has a liberalising effect. They are important to the purpose of this thesis because they are influential in understanding the market and have had influence in policy creation in the economic practices of states and Canada has not been immune to their influence. The next chapter, Chapter 6, will give the new direction that Canadian aid needs to take. This will be the chapter that will discuss the creation of Canadian aid that focuses on PSD and is structured by the Capability Approach. I will discuss the reason why this structure works better with the characteristics of the global market economy described by those economists. There will also be a case study of a “developing country” that Canada gives aid to in order to suggest what this new aid program will look like in practice. This country will be Mozambique. The thesis will end with a conclusion on what has been discussed and what it means for the future of Canadian foreign aid.

Chapter 2: What is Foreign Aid

The Development Assistance Committee (DAC) has been the organization that has worked to define and establish the parameters of operational standards for foreign aid. The DAC is a part of the Organisation for Economic Cooperation and Development (OECD) and was formed on January 13, 1960. The name it gave to this aid was Official Development Assistance.

This is a term that has stuck since. Despite this it took ten years for the DAC to agree on this definition of the aid they have been providing to the “developing world.” The core definition of aid that came out in 1969 and was refined in 1972 was stated as follows;

“ODA consists of flows to developing countries and multilateral institutions provided by official agencies, including state and local governments, or by their executive agencies, each transaction of which meets the following two criteria: (1) it is administered with the promotion of the economic development and welfare of developing countries as its main objective, and (2) it is concessional in character and contains a grant element of at least 25 per cent (calculated at a rate of discount of 10 per cent).”(Riddell 19)

There is a distinction made within ODA. There is Part I and Part II. Part I are “developed countries” and Part II are “developing countries”. Only aid going to Part I countries is defined as ODA. Aid that goes to Part II countries and meets the definition given by the DAC is termed as Official Aid (OA) rather than ODA. To this day no aid given by nongovernmental organizations of rich countries to poor countries sits within the definition of OA or ODA. Since the definition was created, the changes that have been made are in interpretation and not in substance. Countries have moved from Part I to Part II sections as they have developed.

Donors within foreign aid do not always have to be from wealthy nations and recipients do not always have to be poor. An example of this would be an institution such as the African Development Bank (AFDB). This institution was established in 1964 through the merger of the African Development Bank, the African Development Fund and the Nigeria Trust Fund. Its expressed goal is to fight poverty and improve living conditions on the continent through promoting the investment of public and private capital in projects and programs that are likely to contribute to the economic and social development of the region. In these goals, the bank

prioritizes supporting fragile states, strengthening agricultural and food security through an integrated value chain approach, and increasing the capabilities of women and girls. The nations that take part in the bank all considered to be “developing” and some are relatively further along in development than others. Thus, foreign aid transfers within the bank take place between poor and wealthier states in a non-linear path.

The overall short term or long-term goals of foreign aid could be positive, negative or neutral. The motives for providing aid are not considered in the definition given by the DAC; it could be to help the recipient, the donor or both. Restrictive definitions of foreign aid are used for states that are interested in specific forms of foreign aid. Those concerned with poverty often define aid from the standpoint of development and will aim to address issues of acute human suffering and aid that contributes to human welfare and poverty reduction. (Riddell 17) These narrower forms of foreign aid are termed as development aid and development assistance. It can also be defined as aid that takes place in the form of resources received from donors which contribute to the fulfilment of the basic rights and freedoms of poor and vulnerable people. The definition we have of development has largely been donor-driven. In practice, individual donors are usually the final arbiters on this question

For pragmatic purposes it is best to accept the DAC’s definition of foreign aid. There are many areas to examine in a general overview of foreign aid beyond its definition. What will be discussed going forward will be the types of foreign aid that have been given. The chapter will then focus on the various aims foreign aid has taken on in addition to poverty alleviation, such as improving human rights and furthering democratization. It will discuss how aid has generally been dispensed in the Canadian system. This chapter will end with a discussion on the directions the United States has taken with its aid program and this will be done in order to show how

different the aid system in Canada is. This will be crucial for the next chapter, where I give analysis of the Canadian Foreign aid system from its beginning.

There are features within foreign aid that can be said to be widely accepted. Altruism within foreign aid is one of those features that is required for any state's action to be considered aid. The simple statement that speaks to this altruism is "Those who can should help those who are in extreme need." (Riddell 1) The second important feature is the belief that foreign aid is a "good thing". It is this second feature that has been sustained by the assumption that the resources and skills that have been sent to the "developing world" have indeed made a difference. (Riddell 1)

The types of aid come from three streams. These three streams are bilateral, multilateral and nongovernmental foreign aid. Bilateral is aid that is delivered state to state. Multilateral aid is aid delivered through different international institutions such as the World Bank, IMF and the United Children's Fund (UNICEF). Nongovernmental aid comes from organizations such as World Vision and Oxfam International. Multilateral aid has been largely given on a conditional basis. This type of aid has been administered through structural adjustment loans. The world Bank and IMF are the holders of most of the "developing world's" debt and this is the case because of structural adjustment loans. "Developing states" entered into agreement with these institutions on the basis they would implement liberal economic policy such as eliminating state subsidies and privatization of state services. "Developing countries" had to implement and fulfil certain conditions. (Easterly 364) The European Union has used structural adjustment loans to the "developing world" to liberalize trade policy within those countries. Because of the detrimental effects this type of aid has had in the "developing world" there was a shift that took place in the 1990's. This crisis challenged the very survival of the international financial system.

This time period was difficult on development aid and became known as “the decade of lost development”. (Ali and Zab 114) Thus, the development aid that focused on basic needs that existed in the 1970’s gave way to aid that focused on structural adjustment policy. Prior to the 1970’s aid, the aid of the 50’s and 60’s had focussed on the increase of GNP. Aid for this purpose came in the form of giving capital and technical assistance.

Starting in the 90’s both donors from the different streams sought to replace adjustment-linked aid through aid framework agreements that emphasize recipient-based development strategies, with a particular focus on poverty eradication. (Riddell 46) This was part of the reaction to the long-standing critique that aid policy was more donor-centric than recipient based. How this worked was that recipients were encouraged by donors to draft what were first called poverty reduction strategy papers (PRSPs)—now largely abbreviated as poverty reduction strategies (PRSeS). Ideally, these documents provided a medium-term expenditure framework that allocated resources according to agreed priorities. These priorities are then reflected in the annual budgets of the donor country. These documents are supposed to be produced by recipient countries themselves, with consultations and inputs from domestic interest groups; these include civil society groups, notably those linked to, or representing, different groups of poor people within recipient countries. (Riddell 46)

The shift that began in the 90’s made new approaches based on attempts to move away from the details of small discrete projects, replacing them with larger and less specifically targeted blocks of aid. An example of this is that some donors have been providing aid to sector-wide approaches (SWAPS), “which channel aid to whole sectors, such as health or education, or to defined sub-sectors, such as primary education.” (Riddell 47) What has also taken place since the shift is aid that has flown from donors to recipients in form of funds that have become known

as “budget Support” with the ODA definition. This type of aid is usually given through a block grant to the recipient government, with the aim of providing additional funds to boost and expand government expenditures; both recurrent expenditures are ideally spent in line with an overall plan presented to and agreed upon by the donors. A new development in types of aid has been Cash Aid. (Foley 7) This is aid that is given as cash to local people in “developing countries”. It has begun to be found that giving aid cash for locally available goods is far more beneficial to local economies than cash vouchers for imported goods; it is also cheaper. Cash aid can be more transparent, more accountable, more cost effective, help support local markets and economies, and increase financial inclusion and give people more dignity and choice. (Foley 7)

Nongovernmental organizations have helped with distributing cash aid and the largest nongovernmental distributor of food aid, the World Food Program, has announced that it will be distributing cash aid and vouchers in some areas of the world. (Silva 7) The way nongovernmental aid has functioned has largely been concentrated in the role of providing emergency and humanitarian services. This would be aid such as providing food, shelter and water to areas that have been ravaged by natural disasters in the “developing world”. Aside from this area of aid the United Nations has used nongovernmental organizations to help run and even implement large complicated development programs. Another area nongovernmental organizations (NGO) have also worked extensively in has been in global health initiatives and one of the largest NGO’s is Doctors Without Borders. It is best known for its work in conflict zones and countries that are affected by endemic diseases. (Veldhuis 4) It reported in 2015 to be mainly comprised of more than 30,000 doctors, nurses and other medical professionals, logistical experts, water and sanitation engineers and administrators and it provided medical aid in over 70 countries. (Veldhuis 8) The current trend in aid and resources within health-based

nongovernmental organizations is to target very specific, high-profile diseases, rather than general public health. (Delisle 6) This trend is seen in the world's response to the Ebola crisis in 2014. Aid is aimed towards narrow, short-term goals relating to particular programs or diseases such as increasing the number of people receiving antiretroviral treatment and increasing distribution of bed nets.

One of the things donor nations have attempted to avoid doing with their use of aid has been dictating terms in a way that fits the mold of colonialism. What this means is that donors have attempted to avoid aid with the aim of affecting recipient nations' culture or interfering with their politics. During the colonial era, colonial powers sought to "civilize" natives. Foreign aid as the world understands it today originated in a world that was decolonizing. Donor nations in at least their language sought to not dictate terms that would impact culture in the developing world because they understood the experiences of colonization. At the same time foreign aid projects of donor countries sought to target areas within recipient countries that would impact culture for the end goal of creating sustainable development within these countries. One area donors have used foreign aid to impact has been democratization. Democratization is the introduction of democratic systems or principles into a state. It has been the belief that democratic institutions help with the process of economic development. Democracy is defined by Jose Cheibub, a professor within the Political Science Department at the University of Illinois, as follows:

"A regime in which some governmental offices are filled as a consequence of contested elections. This definition has two parts: "office" and "contestation". (Cheibub 4)

He goes further to say that his definition is minimalist because,

“Perusing the innumerable definitions, one discovers that democracy has become an altar on which everyone hangs his or her favorite ex voto. Almost all normatively desirable aspect of political, and sometimes even social and economic, life are credited as definitional features of democracy: representations, accountability, equality participation, dignity, rationality, security, freedom—the list goes on. Indeed, the set of really existing democracies enclosed under many definitions is empty. And from analytical point of view, lumping all good things together is of little use.” (Cheibub 4)

In foreign aid it is best to use the minimalist understanding that Cheibub uses because of the confusion he describes. When creating a basic definition of democracy there can be a pairing of ideas and beliefs that co-opt this initial definition. An example of this would be the paring of certain ways of life with democracy. Donor states have given aid with the requirement of democratic policy concessions in recipient countries; this type of aid fits within the scope of conditional aid. It has been found that since the end of the Cold War this type of aid has been more effective. “With the absence of the threat of recipient countries defecting to the Soviet Union, western donors have had more credibility in their threats for cessation of aid since there are fewer options for recipient countries to shop around for the best deal.”³ (Boone 5) There is widespread agreement that higher quality institutions and good governance have positive effects on both economic and political factors in recipient countries. (Boone 3) It has been found that regardless of the political structure within a recipient country the need for leaders to appease

³ China is spoken about in the intro on page 22 as a nation that has not used conditional aid to impact recipients on a social or political level.

stakeholders forces those leaders to make sure to spend more aid money on public goods. The bigger the coalition, the more a leader has to do this. (Boone 4) This is part of the way to combat the long-standing issue within foreign aid where recipient countries' political leaders have used aid dollars to fortify their own fiefdoms. Despite this, the preference by donors is for the leader to be democratically elected so aid can help the process of democratization to hold firm in recipient countries.

Another way foreign aid has been used to impact recipient countries has been with regards to human rights. Aid that focuses on human rights is on the same conditional basis that aid for democratization has been given. Freedom House is a government funded nongovernmental organization within the United States that conducts research and advocacy on democracy, political freedom, and human rights. Political rights refer to the existence and fairness of elections, the freedom to organize in different political parties or groupings, the existence of party competition, opposition, and the possibility to take over power via elections. Civil liberties refer to the freedom of assembly, the right to open and free discussion, the independence of media, the freedom of religious expression, the protection from political terror, the prevalence of the rule of law, the security of property rights and the freedom to undertake business, the freedom to choose marriage partners, and the size of family. (Nuemayer 514) Freedom House distinguishes these rights from human rights through the belief that rights violations are, without a doubt, inexcusable and are not subject to the relativist challenge. There is no justification for political imprisonment, torture, and murder. The governments that employ or tolerate such activities are guilty of political terrorism. (Neumayer 515) Freedom House has played a major role in aid allocation targeted at human rights within the United States Government. It is the hope that aid given on the conditional basis of the respect for human rights

will cause citizens within recipient countries to give alert to violations where they take place as well.

Now that the ways in which foreign aid has been disbursed have been assessed it is time to see how Canada has generally disbursed its own foreign aid. Canadian foreign aid in its bilateral application has predominantly taken on four forms. (Pratt 10) These four have been project aid, commodity aid, lines of credit and technical assistance. Project aid is understood as foreign aid that is directed towards specific development projects. Commodity aid would be specified numbers of Canadian commodities being delivered to recipient countries and most the time food aid has been the bulk of this type of aid. (Pratt 10) Lines of credit aid is when recipient countries are given authorization to purchase Canadian Commodities up to specific values. This form of aid has often been tied to a specific sector or purposes. (Pratt 10) Technical assistance aid has been the training of people from recipient countries by Canadian experts for different development purposes. Commodity aid and lines of credit aid have come under heavy criticism as early as the early 1990's. They are part of what is known as tied aid, which has been seen as a type of aid that disproportionally benefits donors over recipients. (Brown 26) By 2012 the Harper Government untied all of Canadian aid but this move was understood as something that was not being done to benefit recipient countries. Instead it was due to a recommercialization. (Brown 26) The Globe and Mail in 2014 during the end of CIDA was able to obtain an internal analysis of bilateral aid programs that detailed this recommercialization. It found that a key consideration to the amount of aid a country received was based on the commercial benefits they could bring to Canada. Margaux Stastny, a spokeswoman for International Development Minister Christian Paradis at the time emailed the Globe and Mail in response to their findings. Her argument was that poverty reduction remains the main focus of Canada's development

program however this focus cannot be addressed in a vacuum. Other factors such as security, governance and trade must also be considered. (Mackrael 1) Currently project aid and technical assistance aid dominate bilateral aid in the Canadian system. (Riddell 65) It is important to understand that Canada's experience with aid is different from its neighbor to the south.

The United States is a behemoth and as Canada's major trade partner and ally, it could be assumed that Canada is constantly at its beck and call but this notion needs to be dispelled; especially when it comes to foreign aid. The United States started its experience with foreign aid began at the end of WWII. With a war-ravaged Europe, the United States believed it was important to rebuild Western Europe in order to insulate its sphere of influence from the growing threat of Communist Russia. In 1948 what is known as the Marshall Plan came into being. The plan donated 12 billion dollars, which converts today into 100 billion dollars in assistance to rebuild. In 1949 President Truman stated in his inaugural speech that,

“We must embark, on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas”

(Sahakyan 1)

The United States did so to make sure the spread of communism didn't reach close to its zone of influence. The Cold War had begun with the atomic bombing of Hiroshima and Nagasaki and so just as aid was given to fight Nazism it was also given to fight Communism during the Cold War. Two superpowers in a bipolar world would use aid in ways that focussed on geopolitics. Foreign aid on the provision of both nations was so polarizing amongst nations that it produced the Non-aligned Movement and Third World. These were nations that declared to the world that even if given aid by either power they remained neutral in their power struggle. The primary use

of American aid has always been to further and promote its own interests. Foreign aid became seen as an essential arm of foreign policy, playing ‘a vital role in supporting US geostrategic interests’. (Riddell 94) Because of this, foreign aid allocations have always been critically influenced by national security priorities, with massive amounts of aid channelled to America’s allies. However, within this broad framework, development and humanitarian goals have also had some space to operate. President Kennedy’s Alliance for Progress program to Latin America in 1961 opened the door for development as an explicit aid priority. (Riddell 94) In the early 1970s, Congress passed the New Directions legislation, which mandated an emphasis on recipient needs as a criterion for the allocation of US aid.

The end of the Cold War allowed for the United States to turn aid away from the pressure of its geopolitical aims. Instead of focusing on aid to the poorest countries, foreign aid as a whole was significantly cut. In real terms, the total amount of United States official aid fell by half between 1990 and 1997. (Riddell 94) Foreign aid rose again at the turn of the century because the September 11, 2001 terrorist attacks cemented an idea of American aid that could not be distinguished from its geopolitical aims. A root cause to national security threats to the United States has become the lack of development in the world’s poorest countries and this could not be addressed by military and diplomatic means alone. So foreign aid has become the third pillar in American Foreign policy on par with defence and diplomacy. (Riddell 95). The United States has influenced Canada to a degree in its foreign policy but foreign aid is one area that has largely been left alone. This will be evident in the following chapter.

The aim of this chapter was to give a brief overview of foreign aid. What we will see in the next chapter is the configuration of the Canadian foreign aid program. This will be presented through the study of Canada’s historical experience with aid in chapter 3. In Chapter 4, I will

then give an account of where aid is in the 21st century by giving an account of how academics and foreign aid professionals analyzed the end of the Canadian International Development Agency.

Chapter Three: Canada's History of Foreign Aid

In this chapter we take a look at Canadian Foreign Aid from 1950 until 2000. What will be done in this chapter is that I will show how Canadian aid has been impacted by its role as a junior partner within the British Empire. It will also show the times it has been confused by maintaining and creating an identity of being the avant-garde within the foreign aid community and focusing aid on its business interests. Canada's introduction to foreign aid came in the form of the Colombo Plan that officially was established on November 28, 1950. The Plan provided "developing countries" with infrastructure and goods. People at the same time were trained to manage the infrastructure being transferred along with their growing economies. It was the link between security and Commonwealth that put foreign aid on Canada's public policy agenda. Part of the Colombo Plan was the ambition to stop the spread of communism. Set against this threat was Canada's view of an "exhilarating vision of a free, multi-racial Commonwealth as representatives of the UK." (Morrison 27) Canada saw itself as an elder statesman in the group and the old white dominion sat down in 1950 with their counterparts from India, Pakistan, and Ceylon in the Ceylonese capital of Colombo. Lester Pearson, acting as Canada's Secretary of State for External Affairs, had managed to transform the British Empire into a new Commonwealth of Nations by playing a key role in allowing India to remain a member of a group that was becoming a type of republic. (Morrison 28) John Holmes, Canadian Ambassador

to the Philippines, would state that the decision to attend the meeting for the Colombo Plan was made

"On the grounds that it would be unwise to let the Asian members think Canada was uninterested in their problems and that it would be all to the good to have a 'North American' view heard, especially on economic matters." (Morrison 29)

John Diefenbaker as Prime Minister of Canada from 1958 to 1963 had wanted to make Canada a leader in foreign aid initiatives during the early years of the Colombo Plan. But his dreams changed during his government-hosted Commonwealth Trade and Economic Conference in Montreal in September 1958. As Wynne Plumptre, the Assistant Deputy Minister of Finance for Economic and International Affairs, would state, "other important matters had to be found to take pride of place on the agenda" during the meeting in Montreal. (Morrison 35) Despite this, he used the conference to announce that Canada's Commitment would grow from 35 million to 50 million dollars within the Colombo Plan. He also announced a new West Indies Aid Program would be launched in the Commonwealth Caribbean. (Morrison 35) Plumptre also announced that because of Ghana's independence and the anticipated emergence from colonial rule of Nigeria and other British African colonies, the creation of a new program would take place. This new program Canada was making would require Commonwealth Technical Assistance from members of the Commonwealth outside the Colombo Plan area; Canada would provide an initial \$500,000 for 1959-60 to begin the program. In 1963 this program would rise to 3 million dollars in funding. (Morrison 45) Plumptre ended his announcement by introducing the Commonwealth Scholarship and Fellowship Plan, which involved exchanges among the industrialized countries

of the Commonwealth but was conceived mainly as a technical assistance program for Third World members. (Morrison 35) On the importance of these changes Diefenbaker would say,

"I believe our first consideration in external aid programs should be to raise the living standards within the Commonwealth, for I consider the Commonwealth the greatest instrument for freedom that the world has ever seen."(Morrison 34)

At the UN General Assembly, Diefenbaker spoke about Canada's "family concern for those countries achieving independence within the Commonwealth." (Morrison 34) It was "this emotional, quasi-mystical feeling of Commonwealth kinship, while rarely shared (though often exploited) by member nations of non-British stock, that brings many English Canadians . . . to feel that Commonwealth aid is a unique fraternal obligation." (Morrison 34) The terms of country-to-country aid in the Colombo Plan came with a high degree of concessions. Supply of infrastructure was tied heavily to the procurement of Canadian goods and services and this became the lasting norm within the Colombo Plan. Canada's participation in the Colombo Plan would mark the beginning for Canada to enter deeper into multilateral foreign aid and begin its participation in bilateral aid. In 1960 the External Aid Office was created. Canada joined the DAC a year after it was created in 1961. The United States put pressure on it to join. This prodding presented a shift in Canada's international image; it had been a part of the British Empire and a colony but now it was being recognized as a nation coming into its own by former colonial powers of the world. Even if Canada was prodded by the United States to participate in multilateral shared aid responsibility there still stood a divergence in policy. Given the fact that American aid was focused on its geopolitical struggle with Russia, it would be presumed that

Canada would be much obliged to help, but in 1963 a DAC report embarrassed Canadian officials when it showed Canadian aid was much lower than that of other members. The DAC was created because the USA felt the strain of fighting the spread of communism through aid and thought to share the burden aid to alleviate its position. Furthermore, the fact that President John F. Kennedy and Prime minister Diefenbaker feuded publicly on the issue of Canada's "lack" of commitment to defence policy shows that Canada's early period of aid was less confined to American interest than could be argued. (Morrison 45)

A cabinet memorandum in 1960 stated,

"Canada's aid programmes have grown substantially in terms of total money expended, in terms of geographic area covered and in terms of their importance as a manifestation of this country's foreign policy. In view of their growth, these Canadian programmes seem bound to come more and more under public surveillance not only at home but also in foreign countries where they are likely to be subject to comparison with similar efforts by other donors, old and new, friendly and unfriendly.... In the present three-way sharing of responsibility powers are not clearly defined. Consequently there have been delays in reaching interdepartmental agreement and this, in turn, has impeded the eventual policy decisions on issues both large and small. There is, therefore, an urgent need for improved administrative arrangements if Canada's aid programmes are to achieve their maximum effect." (Morrison 40)

These worries prompted an effort to professionalize and institutionalize the Canadian aid program. A key element of these worries was how Canadian aid would compare with that of

other donor nations. Canada was in the process of establishing its identity internationally and this has been exemplified as it sought to establish itself first as a leader in aid amongst the Commonwealth. The next would be to establish its identity as a leader in foreign aid among other donors. Canada had always taken initiative to separate itself among the other colonies within the British Empire and as the Empire crumbled now the need to separate itself globally would fall within the confines of foreign aid. Within the empire this could be seen when Canada rushed itself into the Boer Wars for the purpose of gaining favor. (Page 3) A consequence of working within the confines of Empire building was that there would be a developing sense of Canadian exceptionalism that sought to mirror British exceptionalism. By this I mean that Canada would begin to see itself as unequally molded to take on the world's problems, similar to how the British Empire saw itself in its civilizing mission in colonies. The language of development would transfer over to helping the "poverty stricken" instead of the "weaker races" as the aid apparatus continued to develop. With the perceived need to professionalize and institutionalize Canadian aid, the head of the External Aid Office Maurice Strong gained approval to rename the operation to the Canadian International Development Agency (CIDA). (Morrison 62) Strong would become the first President of CIDA. Prime Minister Trudeau on May 29, 1968 stated that,

"In order to stress the true objectives of our aid programme, we shall change the name of the External Aid Office to the Canadian International Development Agency."(Morrison 62)

The change in policy brought Canada into line with the United States, the United Kingdom, Sweden, and other donors who had recently adopted similar language to symbolize, at least

rhetorically, a shift from aid as charity to international development as partnership. (Morrison 62) With this shift the Canadian exceptionalism could be seen when cabinet minister under Prime Minister Trudeau, Mitchell Sharp, went on to say while he was speaking about CIDA's creation:

"Give away" programmes of aid must increasingly be supplemented by a much more complex and sophisticated set of arrangements in the fields of trade, investment, education, science and technology, designed to support and strengthen the self-help efforts and initiatives of the less-developed nations. In short, the activities in which we are involved in the name of civilization are no longer aid, with its connotations of "handout" and "hand-up," but international development in the truest sense of partnership." (Morrison 62)

This statement came after Trudeau had spoke about the need for Canadians to understand their crucial role in participating in international cooperation. (Morrison 62) Sharp was speaking about aid being a part of the civilizing of the less-developed nations. He was identifying the ways Canada could and would improve its aid program and at the same time was speaking about how Canada has participated in the work of civilizing the less-developed world. The direction taken from this belief would be the aim of distinguishing Canadian aid in efficiency and quality from that point on. This would come with Canadian aid becoming more development-oriented.

When CIDA was created, it had an appeal of the adventure that comes with dealing with the exotic. (Morrison 64) The exotic in this context can be understood as the subaltern. The subaltern as group have been defined in the work of Antonio Gramsci as populations which are socially, politically, and geographically outside of the hegemonic power structure of the colony

and of the colonial homeland. (Gramsci 145) The groups within the societies that aid workers would be providing direct aid to would fit within that mold. The exotic can also be understood simply as the countries of the Third World whose peoples were described in terms that justified their domination by the “developed world”. (Said 2) All this points to an aid system influenced to a degree ideologically on the understandings of the Third World that Professor MacDonald pointed to in her critique.

The Canadian Government believed in the need to engage its domestic population in the civilizing work that foreign aid was going to take on. Lewis Perinbam, the Vice President of CIDA, was commissioned by Strong to study how to strengthen their relationship with voluntary agencies. Perinbam believed that there was need to go beyond bilateral relationships and harness the great amount of resources, experience and expertise that is found outside the government. It was not about just giving NGOs money, but enabling the government to tap into the resources that are found in the nongovernmental sector. Moreover, it was about allowing a large number of voluntary organizations that had the experience and ability to collaborate with the government. The idea was to give Canadians a sense that they were participating in a process as a means to building enlightenment and informed consent. (Morrison 69) Perinbam emphasized a fourth concern that dealt directly with the development process when he said:

“The NGO sector was a way of stimulating, supporting and strengthening the voluntary sector in developing countries.... In a way, many of these activities were a means of creating a world that would be more hospitable to the democratic idea, to the idea of the open society. And this was a

non-doctrinaire, a non-political approach by simply sharing with the developing world something of the benefits that accrued to us.” (Morrison 70)

In Perinbam’s view it is evident that there is the idea that Canada has advantages that the “developing world” does not. It is also the understanding that Canada knows what's best for the “developing world” and is in a special position to give what's best to it. The aim of CIDA was to further acclimatize the whole of the Canadian state to this vision by gaining the support of NGOs. A constant for CIDA would be the need to legitimize itself within the state when it came to aid. NGOs would constantly argue with CIDA on the basis that aid was not being used efficiently and on the belief that aid was not being given the priority it deserved in Canadian foreign policy. It is my view that the question of an ideological structure was never fully posed because Canadian exceptionalism was perceived to be a matter of fact. Business interests were the usual culprits in diverting from the foreign aid program that had developed since the Colombo Plan. But interestingly, business interests were used to help distinguish Canadian aid. Maurice Strong felt it important to use Canadian businesses for short-term assignments in “developing countries”. This was done in 1969 with the creation of the Business and Industry Program. The program was designed to assist "Canadian business and industrial firms in the establishment of enterprises which could make an important contribution to the development of the countries concerned." (Morrison 71) Informational materials on investment opportunities were prepared, and funds were made available for starter and feasibility studies for these opportunities. Strong explained his rationale for establishing this program when he said,

“Well, business and industry are the prime conveyors of economic development—the prime instruments. And Canada did not have the same relationship that many big countries had with the developing world . . . the United States, for example. Many developing country people were familiar with big U.S. corporations or had gone to major U.S. universities and colleges. . . . Of course, the former colonial powers, like France and the Netherlands, had cadres of people who had been actively, on their side, involved in the developing world.... So there were natural linkages between the developing countries and the other major countries offering development assistance. Canada had far fewer of those kinds of relationships. So, we felt we needed to take special measures to introduce industry into the development process.” (Morrison 70)

As mentioned earlier, business interests are usually what detract from Canadian aid and this is because they have a tendency to exploit rather than “civilize” the developing world. If business interest dominated the foreign aid, then foreign aid could not be foreign aid. It is similar to the ideological understanding of why the DAC community has concerns about the aid China gives. Altruism is supposed to lie at the heart of Canadian aid and without it, its purity is questioned. In this statement by Strong he took aim at the old colonial powers and gave argument to why Canada was situated uniquely to give aid in a way that no other major power could do. At the same time, he speaks of the need to distinguish Canadian aid from the rest of the world’s aid.

Maurice Strong in 1967 would also create the International Development Research Center (IDRC) as a way to study the world's technological, scientific and economic advancement to help the “developing world” develop in all three phases. At the International and Universal

Exposition in 1967 in Montreal, Strong saw an opportunity to present the need to create the IDRC to Trudeau and stated in a speech that,

“We cannot, even if we wished, become a great power in a political or military sense. But we have already proven in our peacekeeping efforts that we can make a good contribution to world order. Perhaps it will now prove possible for us to add a new dimension to our modest role in the world community by providing for this centre for research.” (Morrison 72)

Strong here was making the point of the need to establish a type of foreign aid that fed off of Canadian exceptionalism.

Aid in the late 60’s took on a colonial character in francophone Africa. It was noted that Canada was buying into the region in order to meet the challenges that it was facing from Quebec and France.⁴ (Morrison 76) There was little interest among France's former African colonies to engage in aid with Canada early on. Once Quebec became involved in international affairs and began to provide foreign aid, Ottawa turned its focus to the region. Despite this being the circumstance under which Canada became involved in the region, it was still the idea that Canada as a whole could produce the best results for aid there. Lionel Chevrier, a long-time Franco-Ontarian member of the federal Liberal cabinet, would state that there was the need to show francophone Africa that “Ottawa was the source of greater aid than Quebec could ever aspire to” (Morrison 78) This statement could be understood in the terms of aid that was strictly confined to money that Ottawa could provide but the overall stake was the whole program of aid

⁴ This was during the time when the Quiet Revolution was taking place. This was part of a larger bilingual, bicultural strategy to counter the alternative nationalist strategy of Quebec leaders for enhancing provincial autonomy.

that Canada could provide in comparison to Quebec. What further confirms this is that Chevrier, in visiting the parts of francophone Africa that Quebec was delivering aid to, commented that the aid projects being provided were minor in scope and nothing to worry about. (Morrison 78)

Quebec at this time felt that it could be its own state and so it is possible to treat this a case of two countries when comparing their aid programs.

Prime Minister Trudeau moved to install the leader of the Quiet Revolution Paul Gerin-Lajoie as the President of CIDA in 1971. He would be President until February 1977. This move by Trudeau was an attempt to shore up domestic politics and win public sentiment in Quebec back to federalism. That may have been the goal, but the deeper consequence was that it would help Canada expand further into francophone-Africa and Latin America. (Morrison 100) It would also further the international image of a Canadian aid program which exhibited a unique cultural and linguistic character. It is then the case that, despite the appearance of being a self-interested act of the state, this could still be understood as an instance where Canadian aid was led by Canadian exceptionalism. This exceptionalism had the aim of using aid to distinguish itself from the rest of the world. This exceptionalism would play into the need for Canada to be the avant-garde of the aid community and the appointment of Gerin-Lajoie would show this.

Gerin-Lajoie was highly sensitive to shifting ideas in international and Third World discourse, and he strongly supported creativity and experimentation within foreign aid. (Morrison 100) He also continued Strong's efforts to secure a central role for CIDA in influencing Canada's non-aid relations with developing countries. This was part of an attempt to further ingrain the identity of Canada as a foreign aid donor internationally. Unlike Strong, Gerin-Lajoie spent more time representing Canada abroad than building political links in Ottawa.

A task given to him by Trudeau was to raise the profile of Canada's aid program at home and abroad. (Morrison 103)

When Gerin-Lajoie traveled abroad, he would be accompanied by a large entourage. Gerin-Lajoie was treated as "le président."; "While such flamboyance and imperial grandeur were frowned upon in Ottawa, he impressed host governments in developing countries, communicating eloquently and forcefully a profound sympathy for their problems and aspirations." (Morrison 104) After a November 1971 meeting of the Group of 77 developing countries, Gerin-Lajoie endorsed many of their demands. He expressed readiness to respond to the plight of least-developed countries after UNCTAD III in 1972. When the OPEC crisis took place in 1973 and it took a toll on the economies of these countries, he spoke of a willingness to redesign policies to assist those developing countries hardest hit. With signs of deepening famine in parts of Africa and Asia, Gerin-Lajoie announced that CIDA would put more emphasis on agriculture and basic human needs. He readily endorsed the President of the World Bank Robert McNamara's challenge to donors and recipients to come to grips with absolute poverty. As each new problem or theme emerged internationally, Gerin-Lajoie and CIDA were quick to embrace it, and it earned for Canada during this period a reputation for being in the avant-garde within the donor establishment. (Morrison 104) It was all in the aim of winning respect for Canadian foreign aid on an international level, and part of the fact that Gerin-Lajoie saw the "developing world" as his constituency. In a speech in 1971, he would state,

"CIDA is different from all other government departments in one outstanding respect. It is the single representative which the less favoured countries have in Canadian Government councils, the single voice of clear support on which they should be able to count from the outset."

(Morrison 105)

As a part of his attempt to make a strong impression on the international aid community, Gerin-Lajoie would make the goal of reaching the 0.7 per cent of ODA within nations' GNP set forth by the DAC. This would be emphasized in the Agency's publication of *Strategy for International Development Cooperation 1975-1980*. There was also an emphasis on allowing for exports from "developing countries" by the Canadian state; this represented an area that sat outside of aid that he sought to impact. An important part to this document was Part 1 of the policy statement created by the Strategy Unit. It made an argument for why Canada was positioned favorably to support the evolution in relationship between the industrialized world and "developing world":

"Its past development assistance performance, as well as its lack of imperial or colonial ambitions, has gained Canada a favourable reputation as a relatively progressive and unbiased participant in Third World affairs. For historical and cultural reasons, Canada also enjoys special links with Commonwealth members and Francophone countries out of proportion to its economic power." (Morrison 109)

During Gerin-Lajoie's presidency, the Department of Industry produced a lengthy position paper stating that its "basic role" in the aid program was to ensure "that Canadian bilateral aid allocations make the maximum possible contribution to Canadian economic development, without compromising the contribution of these allocations to Third World development." (Morrison 106) Gerin-Lajoie would attempt to implement these goals but faced fierce opposition within CIDA, especially from younger officers who saw this moving the agency away from development and into commercialization. In this opposition it is possible to

see the different directions aid has taken in conflict. Aid being used exclusively for business interests could be considered as aid being commercialized. It lacked the altruism that aid needed to have in order to be legitimate. If aid was to be in line with Canadian business interests, then it was not doing what it was supposed to. Its Presidents had created a rhetoric that would mean that aid would need to focus on sustainable development, and finding new markets for Canadian goods could not produce those results. Moreover, this self-interest did not fit within the picture of an aid system that sought to establish Canadian exceptionalism, because most of the donor community was already using tied aid extensively. Gerin-Lajoie would find a middle ground to allow for business to have a role, but opposition remained prevalent within CIDA. Many would continue to regard the Business Industry Program within CIDA that he established with suspicion. (Morrison 129)

The next President of CIDA was Michel Dupuy who began his mandate on March 1, 1977 and he served until 1980. He took over at a time when the aid program received sharp cutbacks and scrutiny from the public and Canadian government as a whole. It had suffered the embarrassment of losing control of its budget to the Treasury Board. When the Progressive Conservative Party came into power in 1979 under Joe Clarke, John Crosby, Finance Minister speaking about foreign aid during a time of economic downturn said,

“That Canada's economic woes such as inflation, unemployment, and severe budgetary and current account deficits might seem to be insignificant in relation to the problems facing most developing countries. [But he added:] Nevertheless they are serious indeed in any economic context. They are viewed seriously by the average Canadian. Further increases in the transfer of resources are difficult to justify until our own economic position improves.” (Morrison 152)

Michel Dupuy believed that for aid to regain respect with the Canadian government and state overall, it needed to show that it was useful to the survival of the state. This meant that it needed to cater to Canadian business interests. Even though most of his presidency was preoccupied by administrative and financial difficulties, one area Dupuy left his personal impact on was the sphere of policy. He assembled middle and senior managers in Arnprior Ontario to speak of the direction CIDA was to take under him. One of the officers at this meeting recalled how shocked he was at how forthright Dupuy was at the meeting. Dupuy's message was "that external aid should serve Canada's foreign policy objectives, and that a principal concern was economic survival in the face of tough global competition from newly industrializing countries and established industrial powers." (Morrison 153) A manager who attended this meeting said:

"It was a clear and coherent vision.... If you accepted the assumptions, it was right. A lot of people didn't accept the assumptions, including myself. Certainly, we should be competitive and push our trade interests, but development assistance is not an appropriate vehicle to do that. It doesn't help competitive Canadian interests. In fact, it undermines our competitiveness and the use of development assistance for patently commercial and political objectives doesn't reinforce our strength and our status in developing countries. It undermines it. But that was certainly not the way Michel saw things, and it was certainly not the way the powers in External Affairs, Finance, and IT&C saw it." (Morrison 154)

Here is another instance where there is evidence that Canadian aid has functioned as a business facilitator. Dupuy's presidency represented a time where CIDA's policy reflected Canada's

foreign policy objectives mixed in with targets of long-term economic interests. (Pratt 3) In Cranford Pratt's book titled *Canadian International Development Assistance Policy: An Appraisal* he states that prior to Dupuy taking office there was a brief period of time where "it had been an open question whether CIDA would be able to make a reality of the rhetoric that claimed that the primary objective of Canadian aid was to help the poorest peoples and countries to develop. From 1977 on, it became increasingly clear that this objective must share primacy with and, indeed, often yield to foreign policy and commercial objectives". (Pratt 3)

In 1980 Marcel Masse would replace Dupuy after he became ambassador to the United Nations. He was known as a great administrator and took over the agency at a time where the developmentalist ethos was being hampered by immediate preoccupations with financial accountability and commercial and foreign policy goals. (Morrison 176) Parliamentary and media criticisms frequently projected negative images of Canadian aid as they did in Dupuy's time. Masse sought to confront these problems by challenging those in CIDA to rethink its mission and many of its policies and practices. With Trudeau back as Prime Minister in 1980, CIDA would enjoy an increase in the resources it had lost under Gerin-Lajoie and Dupuy. Masse wanted Canada to play a key role in revitalizing global negotiations between the North and South. Within CIDA, there was a sort of renaissance that took place. Masse exposed senior and middle managers to trends and debates within development discourse. (Morrison 178) He expressed a strong preference for moving Official Development Assistance (ODA) away from megaprojects towards the human dimension of change. CIDA still took bad press about failed projects abroad and at home. Some NGOs and academics remained critical of tendencies for commercial and foreign policy objectives to override developmental imperatives. (Morrison 179)

The Parliamentary Task Force on North-South Relations was set up by the Trudeau government in order to persuade western governments and the Canadian state that there needs to be renewal of a North-South dialogue. The task force in May 1980 wrote a document entitled *An interim report and aid volume* and in it, asserted that:

“There are compelling arguments for keeping our commitments. Canada has a long tradition of dedication to development cooperation and we have built up a good reputation in developing countries. If we do not live up to our many pledges to move towards the 0.7 per cent target, we will seriously weaken our dedication and damage our reputation.” (Morrison 180)

In this statement there is the exemplification of a belief in Canadian exceptionalism within foreign aid. While Trudeau worked internationally, Masse’s move was to focus domestically on ways to revive the ethos of aid in a way that seemed different but was essentially what Canadian aid had always been. A colleague stated that,

“Marcel introduced a much "colder" analysis of development, not discarding humanitarianism but bringing in the approach of a surgeon vis-a-vis cancer. He was more systematic about development issues, and a lot more strategic in looking at what was feasible rather than believing in our dreams.... I would say that Marcel brought us renewed belief in what we were doing. . . . [He] certainly improved our image in town and across Canada.” (Morrison 188)

While he did things differently than his predecessors, Masse reignited the flame of mission. He would focus on CIDA providing Basic Human Needs and would state:

“[We] have come to understand development not only as building an economic infrastructure, but as being part of, and influencing, the social evolution of a whole people. Understood in this way, development involves the organization of the society, its human relations, its beliefs, attitudes, standards, division of responsibilities, awarding of privileges, its social values and the means by which the society protects and perpetuates these.” (Morrison 189)

The language used by Masse here speaks of a type of social evolution that Canadian aid can produce and sounds in line with the civilizing mission Canadian aid has had at times. He would similarly promote the same with Human Resource Development which meant investing in people to achieve both economic growth and redistributive social goals. (Morrison 205)

Masse would stay in office for 31 months and be replaced by Interim-President Bill McWhinney from 1982-83. Margaret Catley-Carlson would become the fifth President of CIDA after McWhinney and would be in that position for 6 years until 1989. Under Catley-Carlson there was fear that CIDA would become merely an export promotion agency, that would be strictly dealing in tied aid. The Progressive Conservative party under Brian Mulroney took office in 1984 and wanted to make Canadian aid more business friendly. The party wanted private sector and trade initiatives to be reflected in the aid program. (Morrison 221) Catley-Carlson used the term “partnership” at first to describe the desired relationship with recipient countries. “Partnership” morphed to become the buzzword for the relationship that describes CIDA and Canadian interests. What undercut business interests was the drought that took place in Africa in 1984-85. The drought came to the awareness of the Canadian public and this resulted in pressure for aid to be used for humanitarian issues. The Canadian public? would lobby for the Canadian

government to do this through general public outcry that could not be ignored due to its sheer numbers. (Morrison 221)

An interesting development that took place within the aid community at large was discussion on making aid more environmentally sustainable, human rights centered and women centered. In all these areas Canada would attempt to distinguish itself internationally within the donor community and would attempt to take on a leadership role. Catley-Carlson would play a crucial role in pushing Canada's focus onto women in development. Speaking of her accomplishments when she was looking back at her time as President, she was asked what she was most proud of and stated,

"I would say the whole 'Women in Development' initiative, because I think Canada has become a world leader in the area of women in development, and I am very proud of that." (Morrison 238)

In 1981, CIDA was a charter member of DAC's Women In Development (WID) correspondents group and helped prepare "Guiding Principles to Aid Agencies for Supporting the Role of Women in Development." It was approved by DAC members at their High-Level Meeting in November 1983. (Morrison 239) This document would be implemented throughout CIDA to move WID from the advocacy stage to a professional approach based on accountability. (Morrison 240) A WID Unit was established under Catley-Carlson in 1984. The Unit would ensure that 25 million of 150 million dollars going to Africa were earmarked for special programs and multilateral efforts to enhance women's access to education, technology, and credit. (Morrison 242) The Unit would also contract Harvard personnel to provide three-day seminars for CIDA officers and also prepared in-house Agency trainers on WID initiatives.

CIDA would ensure WID would be the main point of emphasis at the 1985 Nairobi Conference and from that point on it was the forefront of WID issues globally. CIDA claimed credit for several positive outcomes as it became a major supporter of the UN Development Fund for Women, which funds innovative pilot projects for Third World women, and Women's World Banking. A participant was asked to name any activities for which CIDA had provided leadership. A senior DAC official in Paris repeatedly mentioned Women in Development. Another official described WID as a "Canadian fixation."(Morrison 244)

The environment also became another "Canadian fixation". The Canadian government, under both the Liberals and Progressive Conservatives, wanted to be seen in the avant-garde of progressive thought and action on global environmental issues. A factor that played a part in this was the bitter dispute with the Reagan administration over acid rain as a result of harmful emissions coming from the United States. Acid rain was damaging Canadian forests and lakes, and Canadian scientists pegged the US as the cause of these issues. Geoffrey Bruce, who was later to become CIDA's Vice President for Business Cooperation, was Canada's delegate to the UN Environmental Program early in the 1980's. He played a key role in campaigning for the General Assembly's endorsement of the World Commission on Environment and Development, which began work in 1984. Maurice Strong was one of the commission's twenty-two members, drawn from North and South, and Canadian Jim MacNeill, former OECD Environment Director, served as secretary general. CIDA provided \$800,000 in funding for the commission, being the only bilateral aid agency to offer financial support. (Morrison 244) CIDA tried to look like the leader in environmental issues but its own track record showed otherwise. Projects CIDA ran in recipient nations were riddled with waste and mismanagement that led to poorly monitored environmental damages. They knew greater expertise would be needed to give the agency the

facelift it needed. (Morrison 244) Catley-Carlson instructed the Policy Branch of CIDA to hire an environmental specialist in 1983, and the specialist produced an information paper analyzing the degree to which CIDA projects were environmentally friendly. It was found that only 12% of CIDA's projects were environmentally friendly. (Morrison 246)

As a result of this report, CIDA in 1986 adopted three new approaches to environmental issues regarding development aid. First, all bilateral projects and programs would be screened for environmental implications. Secondly, "environment enhancing projects" would be encouraged in the spheres of "Natural Resources Environment" (agriculture, forestry, and fisheries) and "Human Resources Environment" (population, health, and human habitat). (Morrison 246) Thirdly, CIDA would promote "a greater degree of environmental awareness" in Canada, recipient countries, and multilateral organizations. This would include programs meant for training, and institution-building with an environmental emphasis. Implementation of these goals would come with the designation of one person in each branch to act as environmental coordinator. (Morrison 246) In Catley-Carlson's presidency, business interests had their place in Canadian aid, but it was also the interest for Canada to be the avant-garde in the aid community that played a role as well. These are two times foreign aid was used to distinguish Canada internationally.

The next President of CIDA would be Marcel Masse from 1989 to 1993. Many felt he had left too early and when he returned from being Canada's executive director at the IMF his belief in structural adjustment programs led to discord within the agency. An unnamed colleague stated that it was as though the "messiah" from the first presidency returned as the "devil's advocate". (Morrison 317) Structural adjustment policies had been largely denounced as business-based approaches in development that favored developed states. Masse's business

approach would lead to constant clashes with the other two approaches of Canada as the innovator and Canada as the leader for the whole of his term. After Masse would be Huguette Labelle from 1993 to 1999. In her presidency, CIDA would be under direct oversight to the Department of Foreign Affairs and International Trade (DFAIT). DFAIT was under Minister Andre Ouellet and Labelle would be more of a deputy minister rather than an autonomous President. Ouellet would use aid to further Canadian business interests and Labelle would yield to his will to the displeasure of many in CIDA. (Morrison 378) This was the continued confusion that was caused by the competing interests within the Canadian aid system. It is this confusion that allowed for Canadian aid to be seen as lacking policy coherence and has now in 2019 to focus solely on gender equality as a remedy for this critique.

Chapter Four: Where Canadian foreign aid is now

Chapter 3 ended with CIDA being under the oversight of DFAIT and it became clear that foreign aid, in its use and direction, would be beholden to the business interest approach from that point on. The approach of Canada as the innovator and the approach of being the leader of foreign aid would still be exhibited in the last years of CIDA from 2000 to 2013. CIDA And DFAIT would ultimately be merged in 2013 and it became Department of Affairs, Trade and Development (DFATD); in 2015 under Trudeau it would be renamed to Global Affairs Canada (GAC).

In this chapter, I will continue to look at how these three approaches have worked in Canadian aid. This analysis will look at the last 18 years of Canadian foreign aid. What will be seen is that even with Canadian aid falling more and more under the constraints of the business approach, there are still times when the other two approaches come through. Having done this analysis to show where aid is now, the aim in the next chapter will be to show how these

approaches have confused what the true focus should be when it comes development and how they have undercut aid efficiency. The difference in this chapter from the previous that dealt with a historical account of foreign aid will be that it will focus on the views that a few of the leading academics in Canadian foreign aid and practitioners who spent decades working with Canadian foreign aid and foreign policy had in the closing years of CIDA. The academics were crucial to understand how CIDA had been understood by the groups of professionals that impact policy at its philosophical base, and they held an objectivity that those who tie their own personal legacy to the success of Canadian foreign aid do not have. The practitioners were important because they dealt with the practical politics that take place in the day to day administration of aid. An analysis of these two groups and their views will be crucial in understanding the direction Canadian foreign aid finds itself in today.

Stephen Brown's 2012 book *Struggling for Effectiveness: CIDA and Canadian Foreign Aid* presents various arguments by academics on the state of CIDA and Canadian foreign aid. In Chapter 2, contributed by Dr. Nilima Gulrajani, there is an argument made that Canadian aid has been traditionally a mix of the UK aid system and Norway's trade system. The UK's system is heavily based on a coherent independent bureaucratic development ministry. Through the use of its Department for International Development (DID) it has created innovative development policies; DID being the UK equivalent of CIDA. (Brown 54) Norway's trade system is based on an image of progressive internationalism. (Brown 55). Canadian aid has not produced the positive results that these two countries have had in aid. (Brown 55) Three avenues in 2012 were considered in the discussion to improve Canadian aid. First is to strengthen CIDA with unquestioned and primary responsibility for development policy formulation and its implementation across government. The second avenue would be the assimilation of CIDA's

development functions into, and its subordination to, the Department for Foreign Affairs and International Trade (DFAIT). Lastly would be making CIDA an independent agency structured like a private corporation existing outside direct government departmental accountability but nonetheless owned by government. (Brown 54) The last was the option preferred by many in the Canadian development community but there was fear that a Crown Corporation would not ensure adequate policy coherence and deep political engagement. (Brown 54) Therefore, the first two options for CIDA were viewed as more appropriate. Options 1 and 3 for CIDA present the best chances for CIDA to be independent and development focused; while the 2 option would make development beholden to other interests. Gulrajani speaks about the political parties in Norway finding a consensus in its aid program and states:

“In Norway, all parties sought a progressive international policy that could cultivate their country’s identity as a generous peacemaker throughout the world” (Brown 71)

This stays consistent with the international identity Canada has sought to foster through its aid program when it has taken on the approach as the leader. It is an approach that has been informed by its experience as junior partner within the British Empire. In the end the second option for CIDA would be chosen and in 2013 GAC would be formed and would signal that Canadian aid was going to be more business focused. .

In the same book in a chapter contributed by Dr. Liam Swiss, there is the conclusion that Canada’s foreign aid program has largely become adopted into its security agenda. (Brown 135) This instrumentalization of aid has been conducted at the expense of other development objectives in Canada’s aid program. (Brown 135) These objectives include Canada’s focus on gender equality and environmental sustainability goals. Fragile states have come to be seen as a major obstacle in development since the September 11, 2001 and are engaged for what can be

understood as personal gain because of what they produce. They are seen to either produce extremists that bring devastation to western doorsteps or produce suffering within recipient nations that cannot be ignored. That suffering is due to a whole host of issues such as corrupt governments and poor development strategies. Many see this to be an image pushed forth by the United States in order to gain help in its War on Terror similar to way the US coerced other western states to aid in the fight against communism. (Brown 136) The DAC in peer review of Canada in 2007 stated that Canada had a strong approach towards fragile states such as Haiti and Afghanistan; this was a distinct strength within Canadian aid. (DAC 10) It is arguable to say that Canada is also using the leader approach. I say this because with this acknowledgement from the DAC Canada volunteered to chair the international Advisory Group on Civil Society and Aid Effectiveness that same year. (DAC 11) The DAC would appreciate this initiative shown by Canada. (DAC 11) The aid that these two states received dwarfed the aid that other states received in 2010. (Brown 110) Swiss argues that the results in the promotion of gender equality via a Gender Based Policy Analysis approach within CIDA actually show that security interests have dominated that analysis.

When CIDA was folded in 2013, the focal point of the debate was to what extent foreign aid was in line with the rest of Canadian foreign policy. The issues were consistent with Swiss's questioning of whether Canada was being truly progressive in its aid program, or self-interested. They were also consistent with Dr. Gulrajani's argument about the inefficiency of having a mixed aid system that has caused less coherence and fewer high-minded ideas. These aspects of the debate were presented by former CIDA President Maurice Strong and a former employee at DFAIT Colin Robertson. Robertson worked within DFAIT for over three Decades. In 2013, the Harper Government made the announcement that CIDA and DFAIT would be merged to make

the Department of Affairs, Trade and Development (DFATD). Strong and Robertson wrote separate articles in the Globe and Mail on the subject. Strong's article entitled *I founded CIDA but its death worries me less than Harper's foreign-aid agenda message* argued that,

“Restructuring CIDA, and giving it the formal status within government that it never really had, is a positive step. But what Canadians really need to focus upon are the dramatic changes to the purpose and the mandate of Canada's foreign-assistance program. The deep cuts that the government has made in development assistance have already had a major impact on Canada's reputation as a leader in the international-development community. Now, the commercialization of our development funding further discredits Canada's commitment to supporting the progress of developing countries. This commitment has long won us the respect of the international community and a relationship of trust and confidence with developing countries for which Canadians can take pride. It has always been true that development assistance contributes in varying ways to Canada's own economic interest. But making commercial interests the main purpose of our program will undermine its effectiveness – quite apart from its damage to our credibility and influence.” (Strong 1)

In Strong's view, you see option 2 from Dr. Gulrajani's ways in which foreign aid can continue. He expresses that the merger will allow for aid to have a more formalized role but laments the fact that aid will now take a back seat to other interests. Robertson's article was titled *CIDA move's not radical. Canada is just playing catch up* and his message was that,

“The re-integration of CIDA into Foreign Affairs and International Trade is a sensible move. Sensible because, notwithstanding best efforts at the senior political level, whether the government of the day was Conservative or Liberal, there has too often been a disconnect in the

field in the conduct of our foreign policy objectives and delivery of development assistance. First, CIDA became a policy center with a network of clients who, in turn, developed a sense of entitlement. Second, the direction was not always congruent with our foreign policy. In the development world there is a tendency towards moralism and a disdain for the urgencies of realpolitik. We are not the first government to bring aid back under the direction of foreign affairs or to try to instill a 'business' perspective. The British, Australians and New Zealanders as well as other European countries are aiming at the same objective.” (Robertson 1)

In Robertson’s view, there is a continuation of the idea that aid be used for the purpose of realpolitik. Even if it is dressed in progressive garb, it is time for Canada to catch up to the rest of the world. The shift for both Strong and Robertson represents the possible threat to Canada’s approach as the innovator because Canada as the leader is co-opting it. When aid uses language that is progressive for self-interest it takes on the same rhetoric as the “civilizing mission”. This rhetoric was the same during the time in which Canadian aid was taking the leader approach. This is also a major concern of Gulrajani and Swiss. With the creation of GAC has come the ability to maintain coherence when you merge institutions that at points have competing policy portfolios. This is an issue I will discuss in the next chapter because this is where Canadian aid is currently. What can be understood in this chapter is that academics analyzed the various directions foreign could take and had taken. Then a radical shift took place, where it seemed that Canada as the innovator had been co-opted by Canada as the leader and Canada as self-interested. Then notable individuals who worked in CIDA or DFAIT took a side in the debate of which way Canadian aid should take. In the next chapter I will take my side of the debate and explain the issues that come along with having three approaches that seem to step on each others toes Canadian aid.

In this chapter I will explain what has come from these three approaches that at times seem to have stepped on each other's toes. Practically, the clashing of these three approaches has caused ideological confusion that has not been good for Canadian aid. David Black's, Stephen Brown's and Molly den Heyer's book entitled *Rethinking Canadian Aid* characterized the move Canada has made to a self-interested aid program when they say:

"The debate on Canadian aid policy that unfolded over the past generation tended to be excessively moralistic, Ottawa-centric, and defensive — seeking to protect the "core Human internationalism mission" of CIDA, while remaining deeply skeptical of CIDA's capacity to advance that mission." (Black et al 29)

Balancing altruism with national self-interest has been a focus of critics of Canada's official development assistance (ODA) policy for decades. (Black 37) A report created for the Federal Government by consultant Alain Jolicoeur in 2015 stated that it would take 10 years for CIDA employees to get acclimated into the new position where they are less involved in policy creation. That also included the time it would take for them to accept the "cultural change" that came with the merger. It is the case that CIDA was sacrificed for a more self-interested foreign policy agenda. What proves this is the structure of GAC. There are three ministers. The Minister of Foreign Affairs is responsible for foreign policy matters and, as the senior minister in the department, has overall responsibility for the department. The Minister of International Trade is responsible for international trade matters. The Minister of International Development is responsible for international development, poverty reduction and humanitarian assistance. The

Minister of International Development doesn't even have the International Development Research Center in its portfolio; that goes to the Minister of Foreign Affairs. This fact alone puts Canadian aid at the interest of other departments because the IDRC is important in that it keeps practitioners aware of what is taking place in the wider scope of aid, rather than just the Canadian experience. This is no doubt an issue, but the bigger issue is that of which should lead the discussion of how Canadian aid should function.

The global market economy is currently working under the principles established by neoliberal capitalism. It would be advantageous for the aid program to focus on a PSD approach that strictly focuses on helping recipient nations produce products in its private sector consistently. In his book *In Defense of Global Capitalism*, Johan Norberg's states:

"The growth of world prosperity is not a "miracle" or any of the other mystifying terms we customarily apply to countries that succeeded economically and socially. Schools are not built, nor are incomes generated, by sheer luck, like a bolt from the blue. These things happen when people begin to think along new lines and work hard to bring their ideas to fruition. But people do that everywhere and there is no reason why certain people in certain places during certain period in history should be intrinsically smarter or more capable than others. What makes the difference is whether the environment permits and encourages ideas and work, or instead puts obstacles in their way. That depends on whether people are free to explore their way ahead, to own property to invest for the long term, to conclude private agreements, and to trade with others. In short, it depends on whether or not countries have capitalism. In the affluent world we have had capitalism in one form or another for a couple centuries. That is how the countries of

the West became “the affluent world.” Capitalism has given people both the liberty and the incentive to create produce and trade thereby generating prosperity.” (Norberg 71)

A PSD approach can also produce policy coherence because there is one singular goal and that is working to give people in developing markets job opportunities, as well entrepreneurial opportunities. The three conflicting approaches have worked from the standard bilateral top-down approach and this does not correspond with the way capitalism influences ideals in states. By this I mean aid in bilateral agreements has mainly functioned government to government on a conditional basis which has encourage rent seeking behaviour by recipient governments. It is aid that that has not fully focused on grassroots, relying on NGO’s in their meager disbursements to do this. The famous economist Milton Friedman, in his popular book titled *Capitalism and Freedom* states:

“Economic arrangements play a dual role in the promotion of a free society. On the one hand, freedom in economic arrangements is itself a component of freedom broadly understood, so economic freedom is an end in itself. In the second place, economic freedom is also an indispensable means toward the achievement of political freedom. The kind of economic organization that provides economic freedom directly, namely, competitive capitalism, also promotes political freedom because it separates economic power from political power and in this way enables the one to offset the other.” (Friedman 9)

Giving economic freedom on grassroots level could produce political freedom and this is what Friedman’s quote points to in an overall sense. Political freedom has been a fixation when it comes to the Canadian foreign aid program and according to Friedman, the capitalist market

can bring about freedom. Political freedom can be extended to social freedom as well when you consider how gaining civil rights and political rights have changed the lives of marginalized groups within western states; Canada included. Friedman's analysis can be given a practical application to one of the most significant events in western civilization. I speak of the French Revolution. France had experienced a time of devastating economic downturn. French society was stratified into three estates. The first estate constituted the clergy and lower clergy. The second estate was the nobles that held court with the king. The third estate was a group comprised of the Bourgeoisie, Sans-Culottes and Peasants. The Bourgeoisie was the merchant class considered to be the middle class. The Sans-Culottes were the urban workers. The Bourgeoisie are largely claimed to have fanned the flames of the revolution because they felt they were being discriminately taxed. (Hunt 2) They voiced their opinion at the estates general meeting that brought all the estates together and this was the breaking point for the revolution; "The privileged classes could be held responsible in three ways: they helped cause the problems since their wealth was not subject to serious taxation; they provoked the hatred of the groups below them in society; and they used the strength of their position to resist attempts at change, while finally demanding, for their own ends the meeting of the Estates General which gave voice to the Third Estate and ensured their own downfall." (Hunt 2) They found that the societal structure did not fit the economic structure that had allowed them to live lives that were to some respect on par with the first and second estate. They were prejudiced by the political and social system and this would lead to the monarch system being toppled and never being the same again even after it was restored by Napoleon. This is an important example of how the economic freedom transferred into political and social freedom. I say this because when we look at the Third World especially in states that are considered to be ruled by dictators or authoritarian

regimes there exists a type environment that is similar in some respects to pre-revolutionary France. The problem is that there is no middle class to be possibly the catalyst to change the social and political issues that exist within the “developing world”.

Canadian aid hasn't fully focused on how the global market economy works because the market is driven by the success that takes place in the private sector. Karl Marx gives a simple illustration of how the private sector works within the global market economy *Das Kapital*, when he states:

“The total capital of society exists always in part in commodities on the market about to be converted into money, and this part is naturally made up of ever changing elements and is continually changing in quantity. Another part exists as money on the market, ready to be converted into commodities. These portions of the total capital are perpetually passing through these metamorphoses. To the extent that this function of capital in the process of circulation becomes a special function of independent capital and becomes an established service assigned by division of labor to some particular species of capitalists, the commodity-capital becomes commercial or financial capital.” (Marx 1580)

He further says

“Commercial capital, then, is nothing but the commodity-capital of the producer, which has to pass through its transformation into money and to perform its function of commodity-capital on the market. The difference is only that this incidental function of the producer is now established

as the exclusive business of a special kind of capitalists, of merchants, and becomes the independent business of a special investment of capital.” (Marx 1580)

This captures the process of what takes place in capitalism. (Marx 1575) This is basically when the producer successfully transforms commodities into money and money into commodities, and then continues the cycle. This process takes place mostly in the private sector and that is why aid needs to focus on this area of development. It is important to note that unlike Friedman, Marx viewed the processes of labour creating capital for the owner of the means of production as being built upon exploitation. Marx speaks of Surplus Value to denote this exploitation. Surplus Value is the difference between the amount raised through a sale of a product and the amount it cost to the owner of that product to pay the labourer to manufacture it. The owner will always make more on the sale of the product than he pays to the labourer, and this is exploitation. While this concept is compelling, there are still ways labour can engage with capitalists in ways that minimize exploitation and promote equity in these labor relations. As opposed as Marx’s views are to those of Friedman, there is a point that they both agree upon. As mentioned earlier, Friedman comes to the conclusion that economic arrangements can create freedom, and for him that comes in the form of a minimalist version of the liberal state. The avenue for the liberal state is through capitalism. Marx, in Chapter One of “The Communist Manifesto” states:

“The bourgeoisie cannot exist without constantly revolutionising the instruments of production, and thereby the relations of production, and with them the whole relations of society. Conservation of the old modes of production in unaltered form, was, on the contrary, the first condition of existence for all earlier industrial

classes. Constant revolutionising of production, uninterrupted disturbance of all social conditions, everlasting uncertainty and agitation distinguish the bourgeois epoch from all earlier ones. All fixed, fast-frozen relations, with their train of ancient and venerable prejudices and opinions, are swept away, all new-formed ones become antiquated before they can ossify. All that is solid melts into air, all that is holy is profaned, and man is at last compelled to face with sober senses his real conditions of life, and his relations with his kind. The need of a constantly expanding market for its products chases the bourgeoisie over the entire surface of the globe. It must nestle everywhere, settle everywhere, establish connexions everywhere. The bourgeoisie has through its exploitation of the world market given a cosmopolitan character to production and consumption in every country.” (Marx 16)

Further into the *Manifesto* on the point of the cosmopolitan identity the bourgeoisie creates, Marx says;

“The intellectual creations of individual nations become common property. National one-sidedness and narrow-mindedness become more and more impossible, and from the numerous national and local literatures, there arises a world literature.” (Marx 16)

Marx does not directly state that the identity that the bourgeoisie is making is liberal, but it is the character of the identity he points to that makes it liberal. He describes how its cosmopolitanism reduces one-sidedness and narrow-mindedness, and this allows such a conclusion to be drawn. Universal Human rights are a product of liberal theory and cosmopolitanism has been their point of emphasis to establish respect internationally. The liberal states try to reduce narrow-mindedness and one-sidedness.

In effect, Marx and Friedman agree as to the socially liberalizing effects of capitalism; the difference is that Marx theorizes a socialized mode of production beyond them. So, it is possible through the account of these two opposing figures to find a common ground that shows that there is freedom that can be achieved socially and politically in the capitalist system that also has the possibility of exploiting labour classes. This of course is a freedom that Marx understands as slavery.

Canadian foreign aid needs belief in the market's ability to transform the societies of recipient nations, and this could be done through PSD. This lack of belief has allowed these three approaches to step on each other's toes to the point of frustration. The end result of this frustration has led Canada to seek policy coherence through the FIAP. When aid focusses on PSD then there can be fewer wasted efforts in projects and direction. In the next Chapter, I will unpack what I have mind here by "efficiency". Specifically, I will explain how the Capability Approach presents the best opportunity to help establish the workings of a private sector that will work to the realities of the global market economy. This will be done without failing to uphold the rights and wellbeing of labourers in developing countries. For example, this Chapter will emphasize how the Capability Approach will help facilitate a societal structure that will target exploitive labour practices through an emphasis in different avenues such as labour unions, labour laws and tribunals to buttress the first two avenues. I will make the argument for why this should be Canada's foreign aid program. This chapter has sought to explain how the three approaches in Canadian has caused Canadian foreign aid to miss the most important area that dictates the political, social and economic development of recipient countries. This important area is based on how the

global market economy functions rather than how the three different approaches have sought to work in aid.

Chapter Six: A New Canadian Aid Program: The Capability Approach

In this Chapter, I will make my proposal for Canadian aid to take a new approach and focus when it comes to aid. This approach will have a focus on PSD that is guided by the Capability Approach, which will be further fleshed out and defined. The emphasis of this approach will be to measure success by how many more individuals become meaningfully active in local markets by producing goods and services that benefit the functionality of local markets and not those of countries abroad. When I speak of meaningful activity, I am mainly speaking of how these individuals will either be able to produce goods and provide services as the owners of the means of production or as workers who become a part of an equitable process of producing goods and services. Local markets will in turn be the starting point to boost national markets and this will allow “developing countries” to have meaningful participation in the global market economy. Meaningful participation here comes from the necessity of the “developing world” to gain more control of the means of production. This necessity is born out of the need for the “developing world” to move from being the Periphery that has provided the Core (“developed world”) with raw material for production of goods and services. This has caused an imbalance where by the “developing world” has not found its own footing as a developer and so meaningful participation comes with ability to own and interact with the means of production that allow an individual or state to be competitive in the global market economy. I will discuss how colonialism and neocolonialism have been major barriers to the development of “developing countries”. I will use Mozambique as a case study to show how the Capability Approach can work to develop a private

sector of a “developing country” that Canada gives aid to. This Chapter will be followed with the conclusions that have been drawn from this thesis.

The Capability Approach can be provisionally understood as an approach to comparative quality-of-life assessment and to theorizing about basic social justice. (Nussbaum 18) Why this definition is provisional is because of the philosophical disagreement within the discourse of those who have worked to defend it. (Robeyns 1) Despite this there is a general conceptual framework for a range of normative exercises done within the Capability Approach. Most prominent are the assessment of individual well-being; the evaluation and assessment of social arrangements; and the design of policies and proposals about social change. Amartya Sen pioneered the Capability Approach. (Sen 15) A growing number of philosophers such as Martha Nussbaum, and other scholars across the humanities and the social sciences have worked to develop the approach, including David Crocker, Severine Deneulin, Lila Shahani and Ingrid Robeyns.

The key question the Capability Approach asks when comparing societies and assessing them for their basic decency or justice, is, “What is each person able to do and to be?” (Nussbaum 18) In essence the Approach takes each person as an end, looking not only to determine what the total or average wellbeing is, but looks at opportunities available to each person. The Approach focuses on choices or freedoms that societies should be promoting and frames them as opportunities, or substantial freedoms. This allows room for agency within the Capability approach because individuals may or may not exercise action on opportunities or substantial freedoms. The Approach commits to people’s powers of self definition. (Nussbaum 18) A key feature of the Approach is that it is pluralist in its understanding of value; “it holds that the capability achievements that are central for people are different in quality, not just in

quantity; that they cannot without distortion be reduced to a single numerical scale; and that a fundamental part of understanding and producing them is understanding the specific nature of each.” (Nussbaum 19)

Martha Nussbaum described the general Capability Approach as consisting of two streams. One focuses on comparative quality of life and the other one theorizes about justice. The two Streams share a focus on what people are able to do and to be. They share a commitment to five principles: treating each person as an end; a focus on choice and freedom rather than achievements; pluralism about values; being deeply concerned with entrenched social injustices; and ascribing an urgent task to government. (Robeyns 2) However Nussbaum states that her version of the Capability Approach focuses on constructing a theory of basic social justice. Her variation adds the notion of human dignity, a different understanding on basic capabilities which was the individual’s ability to acquire more advanced capabilities and her requirement for political liberalism. (Nussbaum 19) Her version is one that stays away from offering a comprehensive assessment of the quality of life in a society and it is because the role of political liberalism in her version stop her from providing a definite meaning of value. Although Armtya Sen’s establishing work in the Capability Approach does not give a definite account to basic justice because it focuses on quality of life, Nussbaum believes his work shows a concern for issues of justice when it speaks about racial and gender discrimination. (Nussbaum 19) It is this argument that validates my use for the Capability Approach in my narrow way. It is clear that Sen took notice of material well-being as a part of the needs for the individual to improve their overall well-being.

Despite Nussbaum's difference in approach, it has been argued by most proponents of the Approach that only treating each person as an end and pluralism about values are genuinely essential to each and every capability theory. They have additionally pointed to work in the Capability Approach that does not neatly fit into either of the two streams that Nussbaum proposes. (Robeyns 2) There is a clear disagreement among capability scholars about how to understand this theoretical approach at the most general and abstract level. More research would help to establish what would belong to the core of the Capability Approach, and which model best describes the approach. (Robeyns 3) Scholars and policy makers have used the Capability Approach in a wide range of fields, most prominently in development studies and policy making, welfare economics, social policy, and social and political philosophy. Yet across these areas, the Capability Approach can be employed in both narrower and broader ways. (Crocker 2)

The Approach focuses on the ends rather than the means. The value of income and wealth has been understood to be limited for centuries. Aristotle argued that 'wealth is evidently not the good we are seeking, for it is merely useful and for the sake of something else'. (Deneulin 25) In Amartya Sen's first chapter of his book *Development as Freedom* he spends time on a discussion described in an 8th century BC Sanskrit manuscript. A woman, named Maitreyee, tells her husband that 'if "the whole earth, full of wealth were to belong to her, she (would) achieve immortality through it."' (Sen 13) Hearing that she would not achieve immortality through wealth, Maitreyee asks, "What should I do with that by which I do not become immortal?" (Deneulin 25) The implication here is that the means cannot always fully recognize the ends and that we should always be very clear when valuing something. This is whether we value it as an

end in itself, or as a means to a valuable end. (Robeyns 3) For the Capability Approach, the ultimate ends of interpersonal comparisons are people's capabilities.

To further define what ends would look like, the Capability Approach provides two metrics. (Deneulin 32) These two are Functionings and Capabilities. Functionings are being and doing activities that people value and have reason to value. Capabilities are the freedom to enjoy valuable Functionings. They combine Functionings with a kind of opportunity freedom. A simple analogy of Capabilities can be understood with how a person with a pocket full of coins can buy many different combinations of things. Similarly, a person with many Capabilities can elect between many different Functionings and pursue a variety of different life paths. For this reason, the Capability set has been compared to a budget set. (Deneulin 32) In further expanding its view on ends, the Capability Approach puts high value on diversity. First, by its focus on the plurality of Functionings and Capabilities as important evaluative spaces. By including a wide range of dimensions in the conceptualization of well-being and well-being outcomes, the approach broadens the so-called 'informational basis' of assessments, and thereby includes some dimensions that may be particularly important for some groups but less so for others.(Robeyns 4) Secondly, human diversity is stressed in the capability approach by the explicit focus on personal and socio-environmental conversion factors that make possible the conversion of commodities and other resources into Functionings, and on the social, institutional, and environmental context that affects the conversion factors and the capability set directly.(Robeyns 4)

The value that the Capability Approach could bring to Canadian aid is immense. The Capability Approach aimed to give a view to development that Welfare Economics could not. Welfare Economics has used technocratic jargon when measuring wellbeing at the aggregate

economy-wide level. Its functions typically include measures of economic efficiency and equity. With markets that have been less developed what good does this do? Canada has done something similar in sense when it comes to measuring well-being. It launched its Feminist International Assistance Policy (FIAP) in 2017. By 2021 and 2022 Canada aim is to have 95% of its aid to be directed towards gender equality. (CIDP 13) This is more than Sweden which was the first country starting in 2014 to make a to direct its aid towards gender equality. Its aid has consistently reached 75% when it comes to its ODA disbursements. (CIDP 12) You can chalk this up to Canada being approach of being the innovator. The OECD in its DAC Peer Review in 2018 even notes that Canada is stepping up in its leadership in this area. (OECD 20) In the intro I explained the issue of using the FIAP for the purpose of being the innovator and this is due to the fight within aid that will develop as it has to compete with the broader aims of Canadian foreign policy. The Gender Inequality Index (GII) made by the United Nations Development Program measures global gender inequality. Four countries that sit in the top 20 that are #4 Mali, #7 Afghanistan, #16 Haiti and #8 DRC receive this aid out of the top 20 countries that receive Canadian aid. If promoting gender equality is the aim of the system with a 95% disbursement goal then would not this aid be most impactful in the places that need it? It would be better to use a general system that works at its optimum even with aid being directed toward recipients that work in Canada's foreign policy agenda.

Because the FIAP in its policy states to hold close to the vision of development pushed forward by the United Nations it is essential to look at some of the issues the GII causes when identifying gender inequality. GII focuses on three areas: empowerment, economic activity, and reproductive health. The problem is that in its application and structure it is unnecessary and excessively complicated. The mix indicators that measure the achievements made by women

versus men are only defined for women. This further confuses the interpretation of indicators and penalizes the performance of low-income countries. (Permanyer 2) An example of this is the use of women's empowerment as tool of measuring gender equality. This indicator has been measured by women's educational attainment and parliamentary representation. Education is seen as a way of "strengthening the capacity to question and act on conditions and increases access to information." According to the UNDP Libya sits at #55 on the level of years women past the age of 25 have ten-plus years of education but sits at #108 on the GII list. Parliamentary representation is seen as a quantifiable measure that shows women's access to power. Cuba has the 2nd most women in government according to the Inter-Parliamentary Union but Cuba sits at 73 on the GII list. These instances of rankings leave uncertainty on the metric of empowerment. Economic activity doesn't measure the important work women do that is unpaid and could perpetuate the undervaluing of these activities. (Permanyer 4) GII uses Labor Force Participation which looks at economic activity of a labor force by looking at the number of employed individuals and those that are actively looking for employment. My use of private sector development with the guidance of the Capability Approach could have the impact of turning some of the work women do that is unpaid to paid work. This is because it focuses on innovation within enterprise. The commodification of services that are seen to only exist in the home or society could become fixtures in business models. Moreover, the holistic aspect that the Capability Approach employs allows for the individual to be valued no matter the capacity. The issues in the scheme of GII make it harder to see how the FIAP will be operationalized in an aid system that is more attuned to directing aid to countries that focus on Canadian foreign policy interests. This is because the rest of the foreign policy will use this type of confusion to justify

giving aid to countries where gender equality is less of an issue than others. The lack of definitive indicators if the GII is a tool for the FIAP will help perpetuate the issue.

In Wolff and De-Shalit's book *Disadvantage* they map out two key elements that come with the ability to measure disadvantage. Wolff and De-Shalit give the idea of "fertile functionings" in their critical appropriation of the Capabilities Approach. Fertile functionings facilitate further functionings. When I choose a general PSD Approach over the FIAP Approach, I do so in the understanding that it would produce more fertile functionings than the FIAP could. There is definite value in a gendered approach, but it is my belief that the level of altruism required to take full advantage in of the FIAP in Canada's current aid system does not exist. Therefore, I feel my PSD approach that seeks to create fertile functionings in an aid system that is at the control of the wider scope of Canadian foreign policy is better situated at this time. It is this system that will weaken the rhetoric of the west's subjugation of the "developing world" because it is less directing the tone of what development needs to look like. It is a system that asks recipients what they feel development should look like.

An important question that needs to be answered is what has undermined the development of "developing nations"? Welfare economics has given answers to development that have missed the most important issues that hinder the individual's impact on development. The Capability Approach can help answers this question when it is with the confines of a PSD approach. It is first important to look into the reason why the "developing world" became the "developing world". It is fair to say it became "developing" because saying that countries are "developed" leads to the understanding that they are developed because there was a defined process.

The “developing world” can roughly be understood as the world of former colonial entities. Globalization is understood as a process by which interaction and integration among people, companies and governments worldwide continues to increase. A large portion of globalisation’s process can be attributed to colonialism. Colonialism can be understood as the foreign policy where by a state extends or retains its authority over other people or territories with the aim of opening trade opportunities. (Osterhammel 5) A major feature of colonialism was its impact on regions for the good or bad. There is current research showing that colonization had the effect of causing great reversal of the development in the areas that were colonized. (Lange 1412) The areas that were the most economically prosperous before colonization became the least developed. There is also an argument made that a few of the less economically prosperous areas became the most prosperous among former colonial entities in the postcolonial world. (Lange 1413) That argument is still less convincing on the merits of colonialism because to be more “developed” among the “developing” still means you are not “developed”. Either way once maps were drawn and the institution of states was thrust upon colonial entities by the Western World, these parts of the world became the losers of globalisation.

Researchers look at the reversal in colonial entities by examining the conditions that existed prior to them being colonized. (Lang1413) The belief is that by looking at these conditions, it becomes clear as to why different colonial powers chose specific extractive institutional frameworks within their colonies. The overarching legal understanding that allowed for colonial powers to justify the authority over the physical areas within colonies was their understanding of land use. In the early 18th century the enclosure movement took place within England. This was when the Monarchy consolidated small landholding farms into larger farms.

Once these lands were enclosed, land became restricted to that owner and it ceased to be common land for communal use. This move meant that land that was being used in a communal framework was no longer considered as being used in productive or meaningful capacities. In the areas that were colonized there were large areas of land that were being used communally and this allowed colonizers to justify their actions.⁵ Stanley L. Engerman and Kenneth Lee Sokoloff in their article titled *Factor Endowments, Inequality, and Paths of Development Among New World Economies* argue that the kinds of soil, climate, and demography that were associated with pre-colonial wealth often led colonists to establish extractive institutions. Acemoglu and Robinson in their book *Why Nations Fail* theorize that there are two kinds extractive institutions in which a “small” group of individuals do their best to exploit the rest of the population, and “inclusive” institutions in which “many” people are included in the process of governing. In turn, these extractive institutions produced unequal societies, which had negative effects on future development.” (Lang 1413)

Acemoglu and Robinson have a chapter dedicated to how colonialism reversed development within colonized areas of the world. They look at the Moluccan Islands which housed kingdoms of the Tidore, Ternate and Bacan. This area seems remote today, but at one point in time these kingdoms were central to the world as the producers of valuable spices, such as cloves, mace and nutmeg. Inhabitants of these islands produced and exported these rare spices in exchange for food and manufactured goods coming from the island of Java, from the entrepôt of Melaka on the Malaysian Peninsula, and from India, China, and Arabia. A battle among European powers to own the spice trade led to the genocide of the inhabitants at the hands of the

⁵ Or land that was not being “used” at all on the understanding that land use = agriculture (Locke, *Second Treatise of Government*).

Dutch East India Company. The Dutch East India Company was falling behind because the monarchs of the region would do business with the English and Portuguese and this would lead to higher prices in spices. The company ended up massacring a third of the population including the monarchs and left a segment of the population that could properly tend to spice production. The Dutch East India Company then went to establish a political and economic structure that established a plantation society. These moves had the desired effects the Company was looking for and they spread these tactics further into southeast Asia. The effects were devastating and even those that were not crushed by the Dutch East India Company stopped trade in fear and turned inward. Some groups abandoned spice creation all together in fear of the Company. By the end of the 17th century the Company managed to reduce the world supply of spices by 60 percent and the price of nutmeg had doubled and this was all due to its monopoly. There's no telling what would have happened in this region without this intervention but one thing for sure is that the effects of the intervention hampered the social and economic practices of the region for hundreds of years to come. (Acemoglu 290)

This example is not unique, regarding the consequences of colonialism. One of the key destabilizing features among its many others is that it left a plethora of export economies in what we now call the postcolonial period. This postcolonial period has now seen the rise of neocolonialism. Neocolonialism can be understood as the practice of using capitalism, globalization, and cultural imperialism to influence "developing countries" in place of direct military rule or political rule. (Dampney 1) Neocolonialism allows for a state to benefit from a neo-colony without having to spend copious amounts of money in military expenses to maintain physical control of a colony. It allows for resources and wealth to be extracted in neo-colonies in a way that, on the surface, appears to be ethical and acceptable. Neocolonialism is a term that

was coined by Ghanaian President Kwame Nkrumah. (Dampney 1) A key aspect of it is found in the experience of former colonial entities upon receiving freedom. The extraction process of resources that was at the heart of the colonial structure never allowed for these areas to create adequate manufacturing sectors to be competitive in trade. When freedom was granted, their less sophisticated economies resulted in the formerly colonized countries becoming indebted to various international organization like the IMF, WTO and World Bank. When they defaulted on their dues to these organizations, the latter in turn implemented structural adjustment policies on these states in order to “help” their economies. They required former colonized countries to open up to foreign businesses, reduce subsidies, reduce tariffs and import restrictions and reduce government spending on social needs, education, health and the environment. (Ciochetto 88) This has allowed multinational corporations and western states to hold the “developing world” in a circle of debt that gives them profound influence over them. These types of interaction have exemplified the proof of the existence of neocolonialism. (Ciochetto 88)

A justification for the practice of colonialism also prevalent was the superiority of the colonizer to the colonized. There was the perceived need to “civilize” these parts of the world so that they could be like the colonizer. Whether it be economic or social these arguments and the actions that followed the practice of colonization did not lead to the development of these parts of the world. Nor did they truly give them a full chance of functioning within the global market economy. It is here that a parallel can be drawn to the Canadian foreign aid program and Laura MacDonald’s assessment of the Canadian aid system. There is pointed language that MacDonald has used when speaking about what has been the identity of Canadian aid. This language is consistent with Canada’s approach as the leader in foreign aid. When it has been the leader it has made arguments of the civilizing mission taking place when providing foreign aid. This can be

traced back to Canada's time as junior partner within the British Empire. Canada as the innovator of foreign aid has pushed for ideals that they have at times had difficulty implementing on a policy basis. Proof of this is that the OECD in its peer review of Canada in 2018 notes that the GAC needs to provide guidance tools that will enable staff to implement FIAP. (OECD 21) Moreover the GAC needed to communicate how its new approach to partnerships within FIAP was going to allow it to implement development effectiveness tools. (OECD 21) Canada as the business facilitator for its own interests come through investment and cooperation in countries that are seen as less risky. The GAC has shortened the list of countries it provides aid to with the excuse that it is tougher to provide to areas in constant crisis. This has pushed it to focus on middle income developing countries such as Brazil, with the Minister of International Trade and Diversification playing a bigger role in this. All this has lead to an aid system that has desperately clung to its identity in FIAP.

So, how can Canada move to a more comprehensive approach to foreign aid that works better with recipients that have complex societies and experience with exploitation at a global level? I would argue, by structuring its aid system through a PSD approach that is guided by the Capability Approach. This approach will give "developing countries" a chance to step further away from the ravages of colonialism and neocolonialism. It will move them away from structures that have often dictated terms rather than providing choices. Aid has often been paternalistic without allowing "developing countries" to find their own paths. This is why an aid system that allows for a recipient country to decide what development should look like is favorable and that is my proposal's aim. What my system is looking to produce is an economic arrangement where the individual is allowed to participate in local markets as producers and those who work in an equitable relationship with the means of production. Once people are able

to consistently cover their basic needs and aren't focused on survival, the hope is that the society can look inward and solve its own issues. This society would be able to make decisions on their own on the nature of gender relations, political institutions, and other societal ills.

The West has often heralded the success of the French Revolution and its results in providing the foundation for just and free societies that we see now. The question becomes: when will the “developing world” be allowed to have its own revolution without direction? It may seem that providing a concentrated assistance to the “developing world” in form of PSD would be a dictating of terms but there are some realities that humanity has come to accept. The ability to buy, sell and create has been integral to human society since antiquity. The aim of my PSD approach is for the “developing world” to form and own its systems of buying, creating and selling. So the answer to the question of when a revolution takes place that looks the way the “developing world” could say is its own is when a middle class is created through PSD. It is plausible that practices that don't treat humans as ends within the “developing world” can be cured with a middle class. This includes things such as human rights violations and social inequalities. An example of this can be seen in India when in 2011 and 2013 the middle class was highly instrumental in mobilizing social movements against rape and corruption. This was largely due to the cultural, human and institutional resources they were able to acquire and use.

(Maya 8)

To better conceptualize how this new program works practically I will look at a country that receives a significant amount of Canadian aid, Mozambique. In the 2016-17 statistical report among the 20 countries that received Canadian aid Mozambique received close to a hundred million dollars and mostly was done through bilateral means. (GAC 7) This was out of the 5.4

billion of Aid dollars that Canada gave out. (GAC 6) Mozambique's colonial experience began in 1498 when Portuguese explorer Vasco da Gama first reached the Mozambican coast. Prior to European contact from the first and fifth centuries AD, Bantu-speaking people migrated from further north west and settled in what is known as modern day Mozambique. Beginning in the 11th century Somali, Arab and Persian merchants settled on the coasts of Mozambique creating commercial ports and developing a distinct Swahili language and culture. The Bantu were also farmers and iron workers. On the coastal-ports, groups participated in autonomous trade and urban elites would often adopt Islam which helped facilitate trade. The Regional powers consisted of Sofala, Angoche, and the Mozambique Islands. These regional powers would have trade partners internally from Zimbabwean powers such as the kingdom of Mwenemutapa, which was a rich empire controlling gold mines, and it monopolized trade with Swahili merchants working their way up and down the coast, and trading goods from the Indian Ocean coast to the Arab islands and states. (Fearon 2) From 1505 the Portuguese would begin their process of colonization within Mozambique and this would last for four more centuries, until 1975. The Portuguese in the early occupation of Mozambique didn't initially recognize their capacity to produce wealth for Portugal's empire. Portugal saw its efforts early on as a part of the civilising mission that Europe was bringing to Africa. It was the belief that if Africans were exposed to Portuguese culture they would appreciate and participate. It was not until the Scramble for Africa in the late 19th and 20th century that Portugal truly began its move to consolidate its power fully for the purpose of extractive economic purposes. At the Congress of Berlin in 1884, Portugal's claims to Mozambique were questioned because it lacked effective authority, as evidenced by its unwillingness to halt the slave trade. This challenge compelled the Portuguese to exert power, and they sent forces to Mozambique for regular campaigns until 1902

when pacification was complete. (Fearon 2) After the area that became Mozambique was recognized by other European powers as being owned by Portugal, the pacification of the tribes in the interior and the subordination of the traditional power holders was accomplished. The Portuguese established civil administration throughout the country, worked to build infrastructure, and struck up agreements regarding the transit trade of Mozambique's land-locked neighbours to the west.

In Samir Amin's journal article titled "Underdevelopment and Dependence in Black Africa: Historical Origin", he divides the African continent into three different "macro-regions of colonial influence". These regions are defined as Africa of the colonial trade or peasant economy, Africa of the concession-owning companies and Africa of the labour reserves. Kleoniki Alexopoulou and Dacil Juif in their paper titled "Colonial origins of the threefold reality of Mozambique: fiscal capacity and labour systems" work to show that during Mozambique's colonial experience, it existed under all three of these influences economically. "Africa of the colonial trade economy", meant that the Portuguese used indigenous peasants to produce goods for European markets in areas within Mozambique that had a long tradition of international trade. "Africa of the concession-owning companies", meant that colonial governments granted large land concessions and mineral rights to private companies owned by Portuguese citizens. Those companies partly took over the administration and tax collection in their territory. "Africa of the labour reserves", meant that the areas within Mozambique with good climate and geography favoured large Portuguese settlements, and a large labour pool had to be readily available for the surrounding mines and settler farms. In "Africa of the labour reserves", colonial policy backed the interest of industry and settlers of pushing the indigenous

population into wage labour by land expropriations and by raising hut or poll taxes.

(Alexopoulou 3) In short, the north of Mozambique was a peasant-based economy, the central region was exploited by concession companies and the south functioned as a labour reserve for the mines of South Africa and Zimbabwe. Colonial Mozambique was well-known for relying for longer than other colonies on forced labour, and for sending large amounts of migrant labour to the surrounding mines. Jeanne Marie Penvenne, Professor of African History at Tufts University, stated in 1979 that the “history of Mozambique is largely the history of the international leasing of migrant labour outside the country and the national commandeering of forced labour within the country.” (Alexopoulou 4)

When Mozambique achieved independence in 1975, there were three factors that led to the civil war that started in 1977 and ended in 1992. First, there was no real peaceful transition to independence, with a metropole committed to the security of a newly installed sovereign state. Second, there remained settlers in the country who were deeply angered at their loss of status as preferred citizens of Portugal living in Portuguese-controlled Africa. Thirdly was the low GDP of \$1,812 per capita; this showed that the economy was quite poor. (Fearon 1) The economy had always been poor, but it was masked by a colonizer that was there for extraction’s sake. With freedom comes less justification for wealth inequalities and this can produce great amounts of tension within a society. The civil war caused great destruction to infrastructure along with much bloodshed. (Lobo 6) In 1994 the country would hold its first democratic elections and the Front for the Liberation of Mozambique (FRELIMO) won over the Mozambican National Resistance (RENAMO). (Lobo 6) These were the two warring factions of the civil war. In 2013 hostilities flared up again between the two groups. The latest skirmish took place on 20 January 2016, when the Secretary General of RENAMO, Manuel Bissopo, was injured in a shootout where his

bodyguard died. The end of colonial rule has often led to civil war and the examples are many from China, India, Rwanda, Nigeria etc. Such is the problem when groups of people who are confined to regions that they had no say in are forced to function as a state. Now that this is the case, the most practical move will be to allow these states to find their own functioning within the global market economy.

By this I mean the global market economy. Most influential financial institutions were established by the West. There has been a relationship characterised by a creditor and debtor relationships between the “developed” and “developing”. For these relationships to be changed and for a middle ground to be found there needs to be more economic ownership had by the “developing”. This ownership comes in the form of owning the means of production. Marx at length explained how ownership of means of production structured societies and the same could be said in the “developing world”.

We now move to look at how Canada has used foreign aid in Mozambique and after this I will present an alternative approach its current approach. Canada first began its relations with Mozambique in 1975, when it received its independence from the Portuguese. Canada has a High Commission in Mozambique’s capital of Maputo. Both are members of the Commonwealth and La Francophonie. From 1992 through 1994, Canada partook in the United Nations peacekeeping mission ONUMOZ in Mozambique to ensure a ceasefire was reached in Mozambique’s civil war. Canada has contributed more than one billion dollars in bilateral development assistance since Mozambique’s independence. In line with Canada’s FIAP focus, aid in Mozambique has focused on gender equality and the empowerment of women and girls. This has been at the heart of the approach in Mozambique. Canada has focused on promoting the social, economic and political rights of women and girls in Mozambique, with the particular focus on sexual and

reproductive health and rights. Through CIDA and now GAC, projects have focused on closing the gender gap in health and education, addressing the root causes of gender inequality, and fostering inclusive governance. One of the main projects GAC has used in its pursuit of WID in Mozambique has been through the Canada Fund for Local Initiatives (CFLI). The CFLI provides financial assistance to cover part or all the costs of projects that are relatively small in scope, scale and expense and are generally designed, developed, proposed and implemented by local authorities or organizations. (GAC 1) This enables Canada to respond to local needs by working at the community level. Canada values CFLI because it connects the Canadian government to civil society and local community directly. This helps enhance their credibility within Mozambique. Eligible recipients within Mozambique include “local non-governmental, community, and not-for-profit organizations, local academic institutions working on local projects, international, intergovernmental, multilateral, regional institutions, organizations, agencies working on local development activities, municipal, regional and national government institutions, agencies of the recipient country working on local projects, and finally Canadian non-governmental and not-for-profit organizations working on local development activities.” (GAC 1) There has been a recent change and that is that CFLI’s focus has become subjugated by the FIAP and so while it seems to be diverse it will actually be narrower in application.

Projects within CFLI are to identify the needs of local communities and be consistent with Canada’s thematic priorities. The themes for 2018 through 2019 are gender equality and the empowerment of women and girls, inclusive governance, including diversity, democracy, human rights and the rule of law, peace and security with a focus on conflict prevention and peacebuilding. CFLI also makes note of the themes of human dignity, covering health, education and nutrition, growth that works for everyone, including women’s economic rights, decent jobs

and entrepreneurship, investing in the poorest and most vulnerable, and safeguarding economic gains. CFLI's themes end with a focus on the environment and climate action focusing on adaptation to and mitigation of climate change, as well as on water management. (GAC 1) Canada's international development program in Mozambique is also aligned with the Government of Mozambique's 2015-2019 Five Year Plan for development. (Mozambique Country Strategic Plan 1) This plan mainly deals with food security in the country.

It is unfortunate that Mozambique never got to experience aid that Canada gave when it was focused on PSD. The FIAP approach Canada has employed in Mozambique could have a harder time blossoming in a country that has experienced a long history of exploitation from the West. Suggestive of this is that NGO's are seen with distrust within Mozambique. The number of Western NGO's have grown in country since the 1990's and the donor community said that their presence would "would reduce social inequality through the provision of initially humanitarian, and later developmental, social services-oriented work that was previously carried out by the state." (Kleibl 4) western NGO's have expanded to watchdog roles and have claimed to be the voice of marginalised people against the state. (Kleibl 4) They provide opportunities for political engagement for people and offer communities participation in arenas such as health, agriculture, and citizenship education. However most recent research points to "increasingly unequal distribution of wealth, a fragile democratisation process and failing social policies due to a narrow focus on economic growth in Mozambique." (Kleibl 5) The number of social protests and riots are increasing but very few western NGO's are bringing the concerns of the people to the DAC or using their influence within the DAC to help the people. (Kleibl 5) They have stayed in "comfort zone of their own diplomatic world". While staying in their comfort zone

internationally a lot of western NGO's have stayed in urban area's not engaging in rural areas. When they have come to rural areas the people of those regions have felt that they are only there to exploit them. (Kleibl 6)

Education is important, and more children and girls are in school than ever before in Mozambique, but there still exists a substantial disparity in education between both genders. Land can be purchased if funds are available. The road to improve education for women and girls is through the process of improving formal employment that is void of exploitation and works with the overall educational needs of the whole of society. North America has shown this to be the case because after WWII women overall were able to move from the private sphere into the public sphere as a result of their newfound financial freedom. With the move from the private sphere the education of women improved as well and that financial freedom has allowed for other opportunities. The same can be done in Mozambique.

It would be better for Canada to change its approach in Mozambique for one that allows for culture within Mozambique to change organically. This approach will be driven by the Capability Approach that seeks to treat people as ends. Canadian aid needs to do this by focusing on the barriers on an individual level within the country that have stopped productive work within the means of production and in the ownership of the means of production. In building the new program of Canadian aid to Mozambique what will follow is my three-pronged plan for how to develop the private sector in Mozambique and how this plan is guided by the Capability Approach.

In Carlos Branco's extensive work on the issues of rural development within Mozambique entitled *Challenges of rural development in Mozambique: Critical contribution with debate on basic postulates*, he states that,

“Rural development is a central theme in the debates on development policy and strategy in Africa. In Mozambique, over the last three-and-a-half decades, this theme has been at the centre of policy intentions and of disputes over the nature of public policies. From the strategy for socialisation of the countryside to the recovery of the productive structures and dynamics of colonialism, from the focus on large-scale projects generating imaginary development linkages to the multiplication of micro-projects of doubtful rationality and sustainability, from the focus on the economic sustainability of social progress to the focus on improving living conditions based on foreign aid, and from the perception of a dualist economy to an understanding of the development of capitalist relations in the countryside, the rural-development approaches and the concepts on which they are based have varied radically over this period.” (Cartel-Branco 114)

Branco points to two of the most influential “postulates” that focus on rural development in Mozambique and shows how the four others that are held in esteem fall in the categories of these two major postulates. The first postulate “argues that rural development should be the centre of gravity of national development strategy, so that it makes no sense to have a rural-development strategy or a government organisation focused on rural development.” (Branco 114) The second “argues that rural development should be understood as a process of rural industrialisation, with a widened social and regional base and a diversified productive and commercial base.” (Branco 115) I am more attuned to the first postulate because it creates a less rigid understanding of development, while the second focuses purely on industrialization. The poorest segments of society exist within the rural areas of Mozambique. The rural population accounts for 67.6 percent of the overall population of the country. (World Bank 2) Thus, the first postulate that

states that the national development strategy should be a rural development strategy makes the most sense because development will target the parts of Mozambique that are being left behind. There are four reasons why this should be the case. Most of the population lives in these areas and so for national development to take place these areas need to be the focus. Urban centers within Mozambique are limited in their capacity to receive and accommodate the inflow of rural workers. The nature of the work in urban centers does not match with the qualifications of rural workers. Lastly, historically and structurally, the basis of support and of capital accumulation for the entire economy of Mozambique (with the exception of the last eight years) is largely due to rural areas. (Branco 115)

The first prong of my plan is found within the focus on micro financing of rural projects. One of the most radical books written on aid was Dambisa Moyo's *Dead Aid*. Her thesis in this book is that African nations have been damaged by aid. It has caused harmful rent-seeking behaviour by governments and has built the fiefdoms of warlords and dictators. It is important that aid should be weaned from these nations so that they become independent and bolster their own private sectors. It will be the case that these nations will have to find ways to produce the equivalent of the aid money lost in their economy through their private sector. This will require the governments of recipient countries to take control of their development rather than becoming fat from handouts, which is the case with governments that partake in rent-seeking behaviour. One of the important things these states need to focus on according to Moyo is micro-financing rural projects. In December 2006, Muhammad Yunus received the Nobel Peace Prize for his Grameen Bank. Yunus worked out a way to lend money to the poorest segment of society who

have no collateral. What he was able to achieve was that he turned trust into collateral. Moyo explains Yunus's work in her book by saying,

“The mechanics of Grameen Bank's solidarity lending are pretty straightforward. Take a small village with five traders for a basic illustration. Through its micro-lending programme, the Grameen Bank lends the group US\$100. Within the group the US\$100 is passed on to trader A for a pre-specified period (a loan period currently runs for about one year). At the end of this time, she (97 percent of Grameen loans are made to women) has to pay back to Grameen Bank the loan amount plus interest (which can be between 8 and 12 per cent). Trader A is solely responsible for repaying her loan. When the loan is repaid, the next US\$100 loan is made to the group, which is then passed on to trader B. But if trader A does not repay, the group is extended no further loans. Although, technically speaking, there is no group joint liability (the group as a whole is not responsible for the loan when one-member defaults), the group is implicitly liable in the sense that the behaviour of each individual member affects the group as a whole. So very often when difficulties in repayment do arise, the group members contribute the defaulted amount (with an intention of collecting the money from the defaulted member at a later time), thus keeping the loan-cycle turning. In this sense microfinance in poor countries works much like credit cards.” (Moyo 93)

This should be the finance structure of a good chunk of Canadian aid going to Mozambique in comparison to the aid dollars going to NGO's and multilateral avenues. NGOs are important for the reputation they bring when they establish holistic relationships with local communities and multilateral aid is only good for the international cooperation they provide. The only addition to

the parameters of this finance structure will be on defaults on loans. To live up to the ideals of the time in regards to debt forgiveness, when a member in the loan scheme defaults on the loan there will be a process for debt forgiveness to accommodate the defaulter. This should be the case because the scheme of a Grameen Bank would work better with bilateral aid. At least forty-three countries around the world have adopted some version of it. Grameen Bank in Bangladesh initially offered micro-finance to 36,000 members with a portfolio of US\$3.1 million when it became a bank in 1983. By 1997, it had 2.3 million members and a portfolio of US\$230 million. The most impressive feat of the bank is that its default rates are at less than 2 percent. With its success, the bank now provides a host of other financial services including insurance and pension schemes to the poor, micro-enterprise, scholarships and housing programmes. (Moyo 94) GAC has used micro financing for rural projects in Mozambique but on a very limited scale. From 2011 to 2014, it ran a project called Building Rural Micro Financing Capacity and Sustainable Service through the NGO Opportunity International Canada. It gave this NGO \$1,283, 542.00. This was one of its 71 projects in Mozambique that date as far back as 2003. (GAC 1) This is in an aid program that in 2015-2016 gave 5.4 billion dollars to its recipients and 100 million of that went to Mozambique through all three avenues. (GAC 6)

One of Mozambique's biggest issues is that its unemployment rate is 24 percent. (World Bank 1) Education has been an important part of the Canadian aid program but the emphasis on education needs to be shifted to a different type of education. An issue with Mozambique is the brain drain; also known as human capital flight. This is where the educated leave poor countries to wealthier nations because of a lack of opportunities in their home countries. The positive for poor countries has been that remittance dollars have circulated through their economies. The

problem is that losing people after educating them doesn't create sustainable economic development. The dollars that come back to poor home markets do not go to creating more formal employment but mostly work to keep struggling markets afloat. (Easterly 5) The focus on education needs to be on education that builds up the development capacity of Mozambique. This education will keep people in the country and provide employment opportunities that will curb the impact of the brain drain.

The Second prong of my plan helps to solve the issue of the brain drain. The government of Canada has given Mozambique aid dollars since 1975. The education system is my target with my second prong. It will be a system that focuses on gearing education towards business, science, and technology. These areas are distinguished from others because they show direct correlation with the growth of a private sector and this was the case with South Korea. As mentioned in the intro, South Korea has managed to have the 11th fastest growing economy globally because its rigorous education system has emphasized these areas. Primary school attendance has not been the issue in Mozambique with UNICEF Reporting that from 2008 to 2012 male and female attendance was set in the mid of 90 percent. Primary school is mandatory in Mozambique. The problem comes with secondary school, where females fell to 11 percent and males where at 6 percent. (World Bank 84) Post Secondary for both male and female are at 1 percent. Canada's focus should be providing secondary education that focusses on business, science and technology in the rural areas of Mozambique. These schools will have a blend of Canadian and Mozambican instructors. It would sound odd for a secondary school to focus on business, science, and technology because it would seem much of the foundational educational curriculum would not be met, but those foundational curricula can be taught within those contexts. Proof of this can be found in the book produced by Cambridge University titled

Teaching History through English – A CLIL Approach. It's a book that explains how teachers can teach students history while simultaneously teaching English. Another book that seeks to do the same is *The Language of Mathematics in Science: a guide for teachers of 11-16 science*. The book explains to teachers that math skills can be taught while in science. Furthermore, in Ontario Canada, there is a program that is being established within secondary schools that focuses on financial literacy. This is also a similar development taking place in the state of Rhode Island in the United States. If a country in the “developed world” recognizes this is an essential skill, how much more should our foreign aid program understand this as a need in the “developing world”? (Noddings 41) Following completion of these schools there will be access to the newly minted University of Mozambique School of Business Science and Technology for students who meet specific requirements in the last year of their study in these secondary schools. There will also be an optional extra year for students who initially missed the cut to reattempt. The University will be staffed with both Canadians and Mozambican professors. It will go from a Bachelors level of education to a Doctoral level. All this will be free, but its admittance will have to be limited the financial capacity of the overall aid program. Given the strength of the Canadian dollar to the Mozambican Metical there should be a decent amount of enrolment.

My last prong ties into my first one. At all levels of study at the university, every student must produce a project in their last years which will work within the micro-financing structure. This project will be required for graduation. It will be a project that they feel they can use in their own respective rural area or any rural area. From that point on they can receive funding through the new Grameen bank structure of Canadian aid that has already been working within rural areas. There could be an argument that this would be my new aid program imposing what

economic participation looks like, but like all university degrees there are prerequisites to fulfil the requirements for every degree. In this prong there is more room for agency than there is in Canada's FIAP approach because ultimately the student gets to decide if they will take steps to run their program or decide to use their education for other endeavours. Moreover, just like with any university degree, students have a choice. They will end up pursuing a career path that fits in with the degree they receive or do something completely different.

The Capability Approach applies to the micro-financing program because of the lack of access to the banking apparatus for rural areas. Banks are not located in rural areas and the rural population has in most cases had to store their funds in unorthodox ways. (Batista 6) To combat this the finance structure will work with what is known as Mobile Money. This is a program that works with a cellphone and was popularized in Kenya in March 2007. Mobile Money typically allows four types of basic transactions: "(i) cashing-in at a mobile-money agent (i.e. exchanging physical cash for e-money usable on the cell phone); (ii) transferring e-money to another cell phone number; (iii) paying for products or services at shops taking e-money; (iv) cashing-out (i.e. exchanging e-money for physical money at an agent outlet)." (Batista 2) My version will allow for a fourth transaction where a user can speak to the Grameen Bank for all financial purpose and services and never have to use money. All cell phones will be waterproof and will be made of gorilla glass to ensure durability. The program was introduced in Mozambique in 2011 and has produced great results in savings and financial literacy. (Batista 2) Right now, 33 percent of the population have and use cellphones and the program will be able to help increase the functioning and capabilities of many groups. (USAid 66)

The second prong works against one of the major issues of the Mozambican educational system. Under colonial rule it was very selective of its students and that left many behind and to

this day that is still the case. Giving access to all parts of Mozambique society to a secondary and post secondary level of education can erode discriminatory practices within the system as a whole. In removing this barrier to education, I hold close to one of the fundamental aims of the Capability Approach that looks to treat the individual as an end. What also happens with the third prong is that by giving grants to students finishing at all levels within the university we turn the tide of the brain drain because there are now opportunities at home with the education a student has received, and they have the funds and a plan to make a livelihood. What makes all this happen and improves the capability at the individual level and works within the autonomy of the individual in defining what to pursue when it comes to development is that the education process will have a structure but will allow individual freedom of thought. This holds close to the second fundamental tenet of the Capability Approach that puts emphasis on a pluralism of values. This structure will create equal opportunity for all. What also helps is that this education is all free. All this will continue to help the development of the private sector in Mozambique and will be largely in the hands of Mozambican citizens. They will decide what modernity within the global market economy should look like just as the “developed world” has. By this I mean there will be no paternalistic overarching coercive power.

One major feature of the second prong will be the emphasis on social structures that will target process that have aided exploitive labour practices in Mozambique. Canadian aid could on one hand use this aid program on a conditional basis where they require the Mozambique government to emphasize the requirement of the creation of labour unions, the adherence to labour laws and the follow through on the creation of the first labour tribunal that was announced in April 2018 by The Minister of Justice, Constitutional and Religious Affairs of Mozambique. (Frey 1) As it stands today from processes that started in the early 1990’s, labour unions have

access to a legal framework that guarantees the full exercise of union rights. Despite this they still face obstacles due to the application of law and the inefficient monitoring of labor legislation implementation. (Artur 4) Because of the reduction in salaried work force in the formal sector and the private sector, labor unions have had less membership. (Artur 4) The other way that Canadian aid could help this process is through the second prong in Mozambique. Through the education provided, exploitive labour processes can be targeted. Ideally both avenues should be used to target this issue. This feature of the aid being delivered within Mozambique holds true to the tenet within the Capability Approach that looks to treat people as ends rather than simply as means to ends.

It might be assumed that all I have provided herein is focus for foreign aid, and what will be its guiding theoretical approach. But I have also provided a basis from which policy will be created within the Canadian foreign system. The focus of PSD works within the understanding of the global market economy and because of this there will be no master plan for how aid will be given to recipient countries.⁶ It will be the case that policy and application of that policy will vary based on what has depressed the capabilities of individuals in all segments. Therefore, equity will be important in targeting the groups of people who need the most help. The way the efficiency of this aid system will work will be based on the statistics we gain on a quantitative level of how many more people have gained occupations and how many become entrepreneurs. To further figure out if this participation in the global market economy is meaningful, a qualitative study will be done to see how people feel their labor rights are being protected. There will also be questioning on the quality of their work and how it has impacted their quality of life. There will be also an objective study on how labour laws have impacted work-related injuries,

⁶ Page 6 of this thesis explains that chapter 13 of Peter Hjertholm that a PSD Approach is its most optimum when it has no master plan because its running on the principles of the global market economy.

deaths and other harmful work-related issues. Then all three studies of these studies will be analyzed in order to fine tune the aid that is delivered.

Private sector growth is needed direly in Mozambique. An examination of the country's economic status bears this assessment out. The World Bank's Systematic Country Diagnostic in June 2016 stated that,

“The country has experienced great economic growth, but the wealth has not reached the whole of Mozambique's society. As the civil war ended the rebounding agricultural sector drove economic recovery, boosting living standards and raising incomes for a large share of the population. The result was a steep drop in the national headcount poverty rate, which fell from 70 percent in 1993 to 54 percent in 2003, a decline of 16 percentage points over the decade. However, once the initial recovery had run its course the pace of poverty reduction slowed, and between 2003 and 2009 the national poverty rate fell by just 2 percentage points. This period was marked by a dramatic increase in investment in capital-intensive megaprojects, beginning with the construction of the Mozal aluminum smelter in 2001-03. Since 2003 these projects have accounted for an increasingly large share of overall growth, yet they have generated relatively few jobs and have limited ties to the broader national economy. The rise of megaprojects has been accompanied by slowing growth in the agricultural sector; which is by far the country's largest source of employment. The transition to this new economic model has greatly weakened the relationship between overall growth and poverty reduction.” (World Bank 1)

After the end of the civil war in 1993, Mozambique was the third poorest country in the world. By 2013 it was the 13th poorest. There is great potential because recently large amounts of

renewable and non-renewable energies were found in the country, but present history has shown how unstable an economy that relies on these products can be.

Chapter 7: Conclusions

What this thesis has sought to accomplish is first of all to present the reason why Canadian foreign aid has been inefficient. The metric for efficiency assumed here has been based on the progressive meaningful integration of individuals into the global market economy. The individual's ability to act as owner of the means of production and as a labourer in an equitable relationship with those who own the means of production are what amount to having a meaningful participation within the global market economy. The reason why this has been the indicator of efficiency is because the more individuals can do within the global market economy means an increase in the capabilities of the whole of their society. The thesis has worked to show the root cause of Canadian aid's inefficiency has been its indecision between three approaches. This indecision has led to a critique that Canadian aid has lacked coherent policy towards aid. The creation of the GAC was seen as a way to remedy this, and then it was decided that aid would take on a distinct Canadian approach with a FIAP approach. In the last 23 years of CIDA's existence, there had been an integration of a general PSD in the Canadian aid system but this came to an end with end of CIDA. Although it transitioned from a system that focused on the poor experiencing growth that came from a PSD approach to one that met the needs of businesses in recipient countries, there is good that can come from going back to this general approach. That good will come from maintaining a clear view of the guiding theoretical approach. That approach is the Capability Approach.

Before the main aim of this thesis was established it was essential to have a discussion in Chapter 2 on the definition of what foreign aid is, how Canada had distributed aid, and how the United States aid program has conducted itself so that a difference could be seen in Canadian system in Chapter 3. It was important in Chapter 4 to look at how several academics and practitioners viewed the end of CIDA when foreign aid in Canada was at its crossroads. It was important in Chapter 5 to show the three approaches of Canada as the innovator, Canada as the leader and Canada as the business leader have in concert caused the inefficiency in the focus and theory of Canadian aid.

The plan constructed in Chapter 6 holds immense potential because of its adaptability. The guiding theoretical structure of the Capability Approach means that the plan for private sector development in all of Canada's recipient countries can look different. It accounts for cultural differences and different processes that have caused and still cause recipient countries to be less developed.

I spoke of the need to differentiate my business approach from other aid programs that have sought to exploit already fragile markets and will do so here. Tied aid has been used in the past for this purpose. It is aid that gives funds to developing countries to purchase products from donor countries. It is obvious this is not my business approach, but one that is similar parallels to a degree is the GAC's Going Global Innovation (GGI). GGI offers funding to support Canadian innovators seeking foreign partners for the purpose of establishing a collaborative research and development agreement. It gives up to \$75,000 to help Canadian innovators who seek to co-develop, validate or adapt their technologies with the aim to commercialize. GGI essentially helps small companies along the way to being multinational. GGI is under the Canadian International Innovation Program (CIIP). The CIIP works to foster and support collaborative

industrial research and development projects with potential for commercialization between Canada and partner countries. It also stimulates bilateral science and technology networking and matchmaking activities to further new partnerships and accelerate the commercialization of research and development. The CIIP is a “seed fund”, meaning that various other public and private sector participants are also encouraged to bring science and technology expertise and funds of their own to the bilateral relationship. Its partner countries are: Brazil, China, India, Israel, and South Korea. The countries that are partners have economies that are of interest to Canada and not for development of their economies. This is of course in the portfolio of the Minister of International trade within GAC and not foreign aid, but given that now foreign aid is within this structure can a true distinction be made? I plainly say no.

I understand that on its face it would appear that there is no incentive for Canada to build up another nation’s private sector. The taxpayer wants to know you aren’t giving away funds for free. What Canada must consider here is the results of the recent NAFTA discussions. The incentive comes with building stronger trade partners internationally and not always having to deal with the behemoth down south. The other benefit is a more stable “developing world” that will pose fewer security threats to Canada. With the current climate of path-dependent strategies being employed by the Head of State of Canada’s southern neighbor, it is now time to look at regions that are ripe for economic growth. My approach provides this opportunity all the while providing far more ethically palatable outcomes than times before in the Canadian aid system.

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