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**CANADA'S DEVELOPMENT ASSISTANCE TO CHINA
- A LIBERAL INTERDEPENDENCE APPROACH**

by

LIANGUO LI, B.A.

A thesis submitted to
the Faculty of Graduate Studies and Research
in partial fulfilment of
the requirements for the degree of

Master of Arts

Department of Political Science

**Carleton University
Ottawa, Ontario
April 1994**

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**CANADA'S DEVELOPMENT ASSISTANCE TO CHINA
A LIBERAL INTERDEPENDENCE APPROACH**

submitted by

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in partial fulfilment of the requirements
for the degree of Master of Arts

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Thesis Supervisor

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April 19, 1994

ABSTRACT

This thesis examines the issue of Canada's development assistance to China with the liberal interdependence perspective. Evidence suggests that Canada's development assistance to China is mainly for mutually beneficial interests.

This thesis shows that China benefits from Canada's development assistance in the Chinese economic development, more specifically in China's economic reform and the open-door policy, human resource development, industrial development and agricultural development. This thesis also shows that Canada benefits from contributing development assistance to China by cultivating China as a partner in trade, establishing business links as well as creating domestic employment opportunities. Another theme of this thesis is that Canada's ODA to China encourages respects for human rights through economic development.

From the case study of Canada's development assistance to China, this thesis presents an excellent model of donor-recipient mutual interests with development assistance in international relations.

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ABBREVIATIONS

ADB	Asian Development Bank
CCHDTP	Canada-China Human Development Training Programs
CCJTC	Canada-China Joint Trade Committee
CCTC	Canada-China Trade Council
CDN\$	Canadian Dollars
CIC	Canadian Industrial Consortium
CIDA	Canadian International Development Agency
CITIC	China International Trust and Investment Cooperation
COCP	Chinese Open Cities Projects
EDC	Export Development Corporation
GATT	General Agreement on Tariffs and Trade
GNP	Gross National Products
GNPPC	Gross National Products per Capital
HRD	Human Resource Development
IDA	International Development Association
IDRC	International Development Research Centre
IMF	International Monetary Fund
LDCs	Less Developed Countries
MFERT	Ministry of Foreign Economic Relations and Trade
MOUs	Memoranda of Understandings
NGO	Non-governmental Organization
NTCL	Northern Telecom Canada Limited
ODA	Official Development Assistance
OPEC	Organization of Petroleum Exporting Countries
PRC	People's Republic of China
UNDP	United Nations Development Program
USA	United States of America
USSR	(Former) Union of Socialist Soviet Republic
WFP	World Food Program
WUSC	World University Service of Canada

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CHAPTER I. INTRODUCTION

As an ancient Chinese poem over 2500 years ago entitled Mu Gua¹ goes:

A tree gourd they gave me in compliment,
And I in return gave a lovely gong gem,
'Twas not in return for the compliment;--
I wished to make lasting my friendship with them.

A peach they presented in compliment,
And I in return gave a lovely yao gem,
'Twas not in return for the compliment;--
I wished to make lasting my friendship with them.

A plum they presented in compliment,
And I in return gave a lovely jiu gem,
'Twas not in return for the compliment;--
Our friendship to knit was my motive alone.²

¹ Mu Gua, a tree gourd or papaya in Chinese, is the title of the poem from "The Odes of Wei" in The Book of Poetry or The Book of Songs. The poem (or song) was originated in the Wei period of the Zhou dynasty of the Chinese history some 2500 or 2600 years ago.

² "Mu Gua", Lessons from the State, The Book of Poetry, Trans. James Legge, D.D. LL.D. (New York: Paragon Book Reprint Cooperation, 1967), p. 73. (With minor corrections by the author of this thesis).

In the poem Mu Gua or the tree gourd is metaphorical. The metaphor indicates that small gifts of kindness should be responded to with greater gifts while friendship is more valuable than any gift. This poem in certain sense shows the Chinese ideology and the usual practice in relations with others. From this thesis we will see Canada's development assistance to China and the mutually beneficial interests. In other words we will see what China gains from Canada's development assistance for compliment and what Canada gains from China in return for friendship.

The Mu Gua and 'gem' relationship is also reflected in the Western ideology and practices in international relations. As Robert D. McKinlay and R. Little point out, "compensatory liberals are willing to cede some partial loss for what they perceive to be a greater gain and that gain lies in the area of equality."³ Comparing the Chinese and the liberal ideologies, we can see that the Chinese emphasizes what to give in return, and the liberal emphasizes how to gain in return. Although there is difference between the two, both the Chinese and the liberals hold the interdependence view that country to country relations provide mutual benefits.

With the above thoughts in mind, I will study the issue of Canada's development assistance to China. The main argument throughout this study is that according to the liberal interdependence perspective, Canada's ODA to China is mainly for

³ R. D. Mckinlay and R. Little, Global Problems and World Order (London: Frances Printer Publishers, 1986), p. 26.

mutually beneficial interests. The realist theory of national interests in power-politics and the Marxist theory of dependence or class interests are not adequate in explaining the case of Canada's ODA to China. The theme of this thesis is that China benefits from Canada's ODA in the Chinese economic development and Canada benefits from the trade and other economic relations with China. Another theme of this thesis is that Canada's ODA to China encourages respects for human right through economic development. In short, in this thesis I will argue that if we say that since 1981 China has got 'Mu Gua' from Canada in compliment, we can also say that Canada has got 'Qong Gem' from China in return for friendship. From the case study of Canada's development assistance to China, we can see that this case presents an excellent model of donor-recipient mutual interests with development assistance in international relations.

DEFINITION OF DEVELOPMENT

There are various definitions on development by different authors. As Amartya Sen⁴ says, 'development economics is a comparatively young area of inquiry. It was born just about a generation ago, as a subdiscipline of economics, with a number of other social sciences looking on both sceptically and jealously from a distance.' Sen argues that the discipline of development

⁴ Amartya Sen, Resources, Values and Development, (Cambridge, Massachusetts: Harvard University Press, 1984), p. 485.

economics does have a central role to play in the field of economic growth in developing countries.⁵ Ivan L. Head⁶ argues that 'development', in essence, is a single concept: investment. Development decisions are - or should be - investment decisions. They are decisions of today intended to create benefits tomorrow. Canada's International Development Research Centre (IDRC) has long used a clear definition: (development is) "a process for the benefit of people ... consistent with human dignity ... best fostered in conditions of adequate nutrition, sound health, independence of spirit, pride in indigenous culture and respect for human rights."⁷

Some writers define development as a process of change. Thorkil Kristensen⁸ defines development as structural change in a human society. He says that a general theory of development would be much more than a theory of economic growth. It would deal with both economic, social, cultural, and political aspects of development, as well as with the relationship between man and the environment. John White⁹ argues that "development" is an evaluative

⁵ Ibid., p. 486.

⁶ Ivan L. Head, On a Hinge of History, The Mutual Vulnerability of South and North (Toronto: University of Toronto Press, 1991), p. 43.

⁷ Ibid., p. 43.

⁸ Thorkil Kristensen, Development in Rich and Poor Countries, a General Theory with Statistical Analyses (New York: Praeger Publishers, 1974), p. xii.

⁹ John White, The Politics of Foreign Aid (London: the Bodley Head Ltd., 1974), p. 30.

term applied to processes of change which 1) increases the total benefits available; 2) distributes new benefits in some inverse ratio to the distribution of benefits already acquired; and 3) offers some assurance of being a process that can be sustained over time.¹⁰ Marian Radetzki¹¹ believes that development is a continuous process of change in a number of conditions affecting human life. The definition of development must be based on certain value premises. At the level with which we are concerned, it appears reasonable to regard human misery and basic deficiencies as the overriding problem, and consequently to look at development as a change to ameliorate such conditions. The measure we are seeking, therefore, should be one which can be generally accepted as an indicator of widespread improvement in human living conditions.

Apart from the above definitions, there are also definitions of development as growth of GNP and GNP per capita. Ian M. D. Little¹² offers a definition which integrates economic development with welfare economics. Economic development (or economic progress or real economic growth) occurs if there is a rise in the present value of average (weighted) consumption per head. R. H. Cassen¹³

¹⁰ Ibid., p. 30.

¹¹ Marian Radetzki, Aid and Development. A Handbook for Small Donors (New York: Praeger Publishers, Inc., 1973), p. 39.

¹² Ian M. D. Little, Economic Development, Theory, Policy and International Relations (New York: Basic Books, Inc., Publishers, 1982), p. 6.

¹³ R. H. Cassen, "Aid Evaluation - Its Scope and Limits." in C. J. Jepma, ed. North South Co-Operation in Retrospect and Prospect, (London and New York: Routledge, 1988), p. 169.

says that by 'development' is broadly meant the progress of economies and societies towards improved material conditions and the quality of life of its individuals. M. L. Jhingan¹⁴ points out that economic development has been defined in three ways:

1. One of the definitions is to measure economic development in terms of an increase in the economy's real national income over a long period of time. 2. The second definition relates to an increase in the per capita real income of the economy over the long period. 3. There is also a tendency to define economic development from the point of view of economic welfare. Economic development is regarded as a process whereby the real per capita income increases accompanied by reduction in inequalities of income and the satisfaction of the preferences of the masses as a whole. In the words of Okun and Richardson, economic development is "a sustained, secular improvement in material well being, which we may consider to be reflected in an increasing flow of goods and services."¹⁵

The above is a general examination of the different definitions of development. In this thesis, I share the view with those who define development as a process of economic and social change which intends to bring benefits for the people, especially for the poor, with human dignity. But I don't agree with those who define development simply as the growth of GNP or GNP per capita. As Jhingan points out, the definition of development as growth in GNP fails to take into consideration changes in the growth of population. If a rise in real national income is accompanied by a faster growth in population, there will be no economic development

¹⁴ M. L. Jhingan, The Economics of Development and Planning, Fifteenth Edition (Delhi, India: Vikas Publishing House PVT Ltd., 1982), p. 6.

¹⁵ Ibid., p. 6.

but retardation. And regarding to GNP per capita, an increase in per capita income may not raise the real standard of living of the masses. There is a possibility of the masses remaining poor despite an increase in the real national income if the increased income goes to the few rich instead of going to the many poor. Moreover, such a definition subordinates other questions regarding the structure of the society, the size and composition of its population, its institutions and culture, the resource patterns and even distribution of output among the society's members.¹⁶

Marian Radetzki criticizes GNP and GNP per capita as the definition of development. Radetzki defines development by basic importance for human well-being in a poor nation. These will be:

- 1-2. Consumption today and potential consumption in future. Total per capita GNP should give an idea of both the current and future ability to consume.
3. Nutrition. Rough data on this factor are available for most countries in the form of per capita availability of calories and proteins for consumption.
4. Health. Alternative measures to determine this factor include: life expectancy, infant mortality, and amount of medical services available per capita.
5. Education. Literacy rates, enrolment ratios at different levels, and availability of teachers and school facilities can be used to determine the level and changes in this factor.
6. Employment. Available employment statistics usually register paid employment only, which commonly constitutes a minor share of total employment in underdeveloped countries. Evidence of employment conditions will therefore also have to be sought outside the wage sector when determining conditions or changes in the employment situation.
- 7-8. Income distribution and conditions of the poor. Since data on distribution are scarce, the two factors will have to be judged by qualitative or inductive

¹⁶ Ibid., pp. 6-7.

evidence in most cases.¹⁷

Gerald M. Meier¹⁸ has made the same argument. According to him, at the outset it should be recognized that economic development is not equivalent to the total development of a society: it is only a part--or one dimension--of general development. We usually focus on the nation-state as the unit of development, but "national development" is a term that encompasses, at a minimum, social and political development, as well as economic development, in the building of national identity. Depending on the orientation of one's discipline, it is also possible to consider other types of development--for example, legal or administrative.¹⁹ Thus, Meier points out that if there have been misconceptions during the past decades of development, the future of development calls for a basic reconsideration of the meaning of development and a fundamental redirection of development policy. Instead of setting for any aggregate, or even per capita, index of development, many now advocate that direct attention be given to the achievement of first things first -- to the achievement of better nourishment, better health, better education, better living conditions, and better conditions of employment for the low-end poverty groups in the poor countries of the world. Instead of seeking development as an end, we might better view it as a means -- as an instrumental

¹⁷ Radetzki, p. 44.

¹⁸ Gerald M. Meier, Leading Issues in Economic Development, Fourth Edition (Oxford: Oxford University Press, 1984), p. 5.

¹⁹ Ibid, p 5.

process for overcoming persistent poverty, absorbing the surplus labour, and diminishing inequality.²⁰

In this thesis, my working definition of development in China mainly refers to the growth of China's economy which not only refers to the aspect of economic development like GNP, GNP per capita or foreign trade, but also refers to other areas such as improvement of economic life of the Chinese at the grassroots level. In this thesis development also refers to the process of change of China's political and social conditions like China's reforms or the open-door policy and the growing respect for human rights. Specifically, China's development with the assistance of Canada's ODA refers to the total ODA China has received from Canada since 1981/82 and the benefits China gains from the specific development projects or programs, such as human resources development, agriculture, forestry, energy, transportation, telecommunications, etc. In particular, China's development will refer to the human resource development with Canada's development assistance. According to CIDA's Sharing Our Future, "development is about people. People are not only the most crucial resource, but the *raison d'être* of development - both the means and end."²¹ Thus, through the general and specific examples we will see that China benefits from Canada's ODA in terms of economic and social development.

²⁰ Ibid., p. 9.

²¹ CIDA, Sharing Our Future (Hull, Quebec, 1987), p. 36.

DEVELOPMENT ASSISTANCE AND ITS MOTIVES

With the above study of definition of development, I will next examine briefly the definition of development assistance.

Official development assistance, according to Anne O Krueger and Vernon W. Ruttan,²² is what public and press typically called foreign aid. The basic characteristic of ODA is that it comes from official sources and has as a primary objective the promotion of the recipients' economic development. As stated in CIDA's Briefing Book for Parliamentarians (1987), ODA refers to a specific category of resource transfers from developed to developing countries, with three basic characteristics:

- they are official in the sense that they involve transfers from the public sector in donor countries to the government or private sector in recipient countries, to international development institutions, or to non-governmental organizations (NGOs) in support of their activities in developing countries.
- they are concessional in character, i.e., on financial terms and conditions that are more favourable to recipients than those prevailing in normal commercial dealings between countries.
- they are undertaken specifically for the purpose of promoting development in Third World countries.²³

²² Anne O Krueger and Vernon W. Ruttan, "Toward a Theory of Development Assistance," in Anne O. Krueger, Constantine Michalopoulos, Vernon W. Ruttan, eds. Aid And Development (Baltimore and London: Johns Hopkins University Press, 1989), p.32.

²³ CIDA, "Canadian International Development Assistance Programs," A Briefing Book for Parliamentarians (Hull, Quebec, 1987), p. 4.

Daniel A. Summer and Edward W. Erickson²⁴ distinguished the concept of development assistance from relief or military assistance. According to them, "some are poor while others are wealthy. This is the basic fact that leads to development assistance."²⁵ But, official development assistance is different from disaster relief or military assistance, though it sometimes merges with them. During emergencies, disaster aid attempts to alleviate unexpected, temporary, and extreme suffering. It contributes little to long-term growth and may even hamper development if over time such relief becomes permanent. The gains to the recipients of disaster relief are obvious; the motives of the donors are, for the most part, simple charity, though some return may be expected for the kindness.²⁶

Official development assistance is directed toward promoting a sustained expansion of another nation's overall economic well-being. While providing relief from a famine caused by a drought is not development aid, promoting water projects to smooth farm output over time is. Sending tanks to protect a country's borders is not development aid, but giving tractors to increase farm output--and incidentally increasing long-term stability and security--is.²⁷

²⁴ Daniel A. Summer and Edward W. Erickson, "The Theory and Practice of Development Aid," in Doug Bandow, ed. U.S. Aid to the Developing World, A Free Market Agenda (Washington D.C.: the Heritage Foundation, 1985), p. 45.

²⁵ Ibid., p. 45.

²⁶ Ibid., p. 44.

²⁷ Ibid., p. 44.

Apart from economic well-being, Summer and Erickson also stress the social benefits to the recipients. According to them, most official development assistance goes from government to government and is invested in recipients' government projects and programs. To be effective, much aid should provide the sorts of "social goods" that private firms and individuals will not make because they cannot capture the returns on the investment. Among the investments that are accepted are: legal administration and enforcement, fundamental education, general sanitation and disease control, basic research, and applied research and information dissemination in industries such as farming, with many small firms and a broad distribution of consumers. The donor can influence other countries by providing or withholding aid, and should use that influence to encourage policy reform.²⁸

With the above examination of definition of development assistance, next I will examine the different arguments in the debate of motives of development assistance. As we know, in relations between donors and recipients with development assistance, the recipients have different conditions for development and the donors have different motives.

Concerning motives of donors, in the words of Marian Radetzki, it should be clear that the reasons for which donors extend aid are complex and in no way limited to a desire to speed up progress in underdeveloped countries. One might perhaps differentiate between the bilateral aid doctrine, consisting of a mixture of self-

²⁸ Ibid., p. 59.

interest and more altruistic motives, and the multilateral doctrine-also adhered to by obligation of the advanced countries to assist the poorer ones simply because of the demonstrable poverty of the latter.²⁹ As John White points out,

The aid debate, as a matter of universal agreement, revolves around the question whether the resources that aid-givers have provided in the name of "aid" have benefited the recipients. This is really two questions in one. First, what has the result of these transactions been? Secondly, do we regard that result as beneficial or harmful? The first is a question of fact. The second requires a moral judgment. It is impossible to say whether aid has succeeded or failed unless one has some picture in one's mind of what constitutes success or failure, i.e. what one means by 'development'. Different people in different places at different times mean different things by "development": and these differences are reflected in the astonishing variety in the grounds on which aid is attacked.³⁰

According to Keith Griffin,³¹ in this debate, there has been a repeated confusion between what aid has in fact done and what it might do, given certain improvements in its quality and quantity. This in turn reflects a confusion between what the aid-givers were trying to do and what they said they were trying to do, and between what they said they were trying to do, and the results that might reasonably be expected from what they actually did.

J. Audibert³² also points out that development assistance has

²⁹ Radetzki, p. 39.

³⁰ White, p. 25.

³¹ Keith Griffin, International Inequality and National Poverty (London: The MacMillan Press Ltd., 1978), p. 6.

³² J. Audibert, "Bilateral Aid," in Ronald Robinson, ed. International Co-Operation in Aid (Cambridge: University of Cambridge, 1966), p. 97.

political, economic, cultural and solidarity motives. The political motive of development assistance is to ensure a zone of influence of an international clientele in order to contest the actions of an antagonistic power or to defend a certain type of economic and political organisation. The economic motive can be either short or long term. In the short term its purpose is to defend existing economic interests of the donor to create new markets, or to be granted preferences. In the long term it can be considered as important to help towards the economic development of states which when richer will become trading partners. On cultural motives, certain countries use aid to enlarge the field of influence of their culture, of their language and their civilisation. Concerning solidarity motives, it appears that particular relations between certain rich countries and certain under-developed countries proceed sometimes on a specific sentiment of solidarity. The community of language, of way of life, of thought, the relations between people play a role that must not be neglected. These factors contribute to the anomaly of the geographical distribution of aid.³³

In my research, I have found that the arguments in the debate on development assistance mainly focus on the donor's motives in offering development assistance to recipients. The debate on development assistance is mainly focused on three perspectives of the international political theory, namely, the realist perspective of national interests in power-politics, the Marxist perspective of

³³ Ibid., pp. 97-98.

dependency or class based economic interests and the liberal perspective of mutually beneficial interests. Thus the arguments can be mainly characterized as follows:

First, the realists argue that development assistance is primarily for donor's political purposes which can be defined as donor's national interests of strategic or power-politics. These people argue that in political terms, the provision of external aid is closely related to the main political issue, the struggle for domination between "Western" and communist nations, although other political and economic issues are also of importance.

Secondly, the Marxists argue that development assistance is solely for donor's one-sided economic interests or for the interests of the elite-class. For example, those people would argue that to maintain donor countries' present standards, the developed economies must continue to expand. But the volume of international trade among developed countries is much higher than that of the trade between developed countries alone. The greater the number of developed economies, therefore, the higher the total volume of international trade and the better the opportunities for expansion for any one country. In the long run, then, only the developed areas will assure the continuing expansion and development of the now developed economies.³⁴

Thirdly, the liberals argue that development assistance is mainly for mutually beneficial interests. According to the mutual

³⁴ Arghyrios A. Fatouros, Robert N. Kelson, Canada's Overseas Aid (Toronto: Canadian Institute of International Affairs, November 7, 1974), pp. 27-29.

benefits motives, development of the recipient countries is stated as the overriding objective, even if not the only one.³⁵ As CIDA's report, To Benefit a Better World, points out:

Global interdependence means that the fate of developing countries inextricably affects us all. If they achieve higher growth and manage the stress of social change well, these countries will contribute to our continuing prosperity. If developing nations are prevented from making progress by protectionism, inadequate financing, blocked access to skills and technology, and our failure to adjust our own economies to new circumstances, our well-being will be adversely affected as never before.³⁶

In order to avoid repetition, I will leave the elaboration of these arguments to the next chapter.

SIGNIFICANCE

In this thesis I will adopt the liberal interdependence perspective in studying the case of Canada's development assistance to China. As this case analysis is original with this theoretical approach, this research is significant in illustrating that Canada's ODA to China not only benefits the recipient, but also benefits the donor. In other words, the China case will show that the Canadian ODA to China is a win-win game in international politics. As CIDA's report, To Benefit a Better World, has pointed out, "if we succeed in helping developing countries to achieve their objectives and to become more effective players in the international economic system, we protect those elements of

³⁵ Ibid., p. 39.

³⁶ CIDA, To Benefit a Better World (Hull, Quebec, 1987), p. 7.

openness and fairness on which our own economic growth and prosperity depend."³⁷ This point will be further illustrated in the following chapters.

This study is especially significant at the present time when Canadian policy makers are hotly debating whether Canada should implement deeper cuts to its foreign aid to Third World countries. According to Ottawa Citizen reporter Dave Todd, a confidential government memo asserted that Canada cannot afford to maintain its current overseas aid program even at the reduced levels announced in the December (1992) mini-budget. In some cases, according to the proposal to transform Canada's \$2.7 billion overseas aid program, actual commitments would have to be broken. If adopted, they would redirect funding from some of the 136 countries now receiving aid towards a much smaller number of recipients better reflecting Canadian interests and values abroad.³⁸

According to Hugh Winsor,³⁹ accounting for approximately \$1-billion a year, the largest single chunk of Canada's overseas development assistance, CIDA has become the principal target of a large variety of players, from the previous Progressive Conservative finance ministers who found the agency a safe place for budget cuts - because CIDA's clients don't vote in Canada - to

³⁷ Ibid., p. 24.

³⁸ Dave Todd, "Canada Plans Deeper Cuts to Foreign Aid," The Ottawa Citizen, (Ottawa, February 3, 1993), p. A-1.

³⁹ Hugh Winsor, Parliamentary Bureau, Ottawa, "External Pressures Take Toll on CIDA," The Globe And Mail (Toronto, January 21, 1994), pp. A-1, A-2.

Canadian manufacturers seeking domestically financed export orders. Parliamentary committees have forced expensive reorganizations on the agency, ministers have sought more contracting out so that there would be more work to distribute and of consultants peddling management advice. CIDA has also been under attack from within. The Department of External Affairs, with which it is allied, has sought to divert CIDA funds from the poorest countries to promote its own priorities elsewhere. In total, former finance ministers Donald Mazankowski and Michael Wilson sliced \$4.6 billion out of CIDA budgets over six years.

According to Luke Chan,⁴⁰ CIDA has made enormous contributions to social, economic and human-resource development in China. The impact of its programs has been felt from grassland projects in Inner Mongolia to a training centre for entrepreneurs in Chengdu. Management-education programs run by Canadian universities under CIDA's sponsorship have helped produce a new generation of Chinese leaders with the skills to manage the country's emerging socialist market economy. The increasing number of joint ventures with foreign companies, ever-expanding foreign trade and the new phenomenon of privatization are placing severe pressures on the Chinese, even as they create exciting opportunities for Canadians. Why, then, with this impressive record of success and the potential for so much more, is Canada now retreating from its long-standing policy and threatening to cut current levels of aid to China? Chan

⁴⁰ Luke Chan, "Don't cut the aid to China," The Globe and Mail (Toronto, February 21, 1994), p. A-19.

points out that "we are naive and shortsighted if we think we can pull back now from China and expect business between our two countries to continue as usual."⁴¹ China has the fastest-growing economy in the world, a point not lost on other Western investors and business executives who have begun to move in for a piece of the action. Thus, according to Chan, to cut back now on Canada's assistance programs to China would be like jumping ship when Canadians have just sighted land.

Mr. Mahbub ul Haq, senior United Nations official, has pointed out that Canada will lose international influence and valued friends in the developing countries if the government goes ahead with the plan. According to him, Canada "will be isolated in the international community."⁴² The author of this thesis fully share this view. In this thesis I will attempt to illustrate that with the analysis based on the theory of the liberal interdependence perspective, ODA is not simply to the interests of the recipient, it is also to the interest of the donor.

METHODOLOGY

Concerning methodology, I will use the critical method in this study of Canada's development assistance to China and the mutually beneficial interests. With the critical method, I will refute the arguments from the realist and the neo-Marxist arguments in the

⁴¹ Ibid., p. A-19.

⁴² Todd, p. A-1.

debate on Canada's development assistance to China. I will explain why the liberal approach fits well into this case study and criticize the other two perspectives for not being adequate in explaining the case of Canada's ODA to China. In the analysis, the theoretical study is based on a widely selected works on international politics, international political economy, and in particular, on development assistance (foreign aid) and on human rights. The policy study and the data to be used in the analysis are based on the sources of government documents, government reports, newspapers and magazines. The government documents and reports are mainly from the Prime Minister's Office, the Department of External Affairs, the Canadian International Development Agency, Statistics Canada, the World University Service of Canada, the Chinese Open Cities Projects, as well as from the Chinese Embassy in Canada. The magazines and periodicals are mainly The Canada China Trade Council Publisher, Canada China Business Forum, China Today and Beijing Review, A Chinese Weekly News and Views. The newspapers are mainly The People's Daily, the Overseas Edition, The Globe and Mail, The Financial Post, and The Ottawa Citizen.

There are seven chapters in this thesis. Chapter I is this introduction which states the definition of development and the debates on development assistance. It also illustrates the significance of this research, the theoretical perspective, the methodology, the data source and the structure of this thesis.

Chapter II will be focused on the study of the liberal interdependence perspective in contrast to the other dominant

theoretical perspectives on development assistance in international politics. The most common distinction between these perspectives are the realist, Marxist and the liberal positions. I will first examine the arguments on development assistance from each of the competing perspective in international politics. Secondly, I will present a critique and illustrate how the liberal interdependence perspective fits into the case of Canada's development assistance to China and why I believe the realist and the Marxist perspectives are not adequate in explaining this case.

Chapter III will be focused on the study of Canada's development assistance policy. This chapter will first show the background or overview of the Canada-China relations. Then, I will examine the objectives of Canada's ODA policy towards China.

Chapter IV will be an analysis of Canada's ODA to China and the mutually beneficial interests. There will be two parts in this chapter. First I will examine Canada's ODA to China and the benefits to China's development. In this part I will also examine some specific projects of Canada's ODA to China to show how China benefits from the projects. Secondly I will examine how Canada benefits from offering ODA to China. In this part I will focus on the examination of Canadian benefits in areas of trade and other economic relations with China as well as the benefits in creating Canada's domestic employment opportunities.

Chapter V will be a study of Canada's policy of linking development assistance with human rights. In this chapter, I will first study the Canadian policy of linking aid with human rights.

Then I will study the case of Canada's ODA to China and its link with human rights.

Chapter VI will be an evaluation of Canada's development assistance to China. In this chapter I will first discuss the criteria for evaluation and then I will make assessment of Canada's ODA to China.

Chapter VII will be a conclusion of this thesis. I will conclude that Canada's ODA to China is largely successful and that the case of Canada's ODA to China is a good model of mutually beneficial donor-recipient relations in development assistance of international politics. Finally, I will make suggestions on how Canada's development assistance could be improved in order to gain sustainable mutual benefits to both donor and recipient.

CHAPTER II: THEORETICAL PERSPECTIVES AND A CRITIQUE

This chapter will study the liberal interdependence perspective in contrast with the other two prominent perspectives in international politics, namely: realist and Marxist perspectives. In this study I will first examine the competing perspectives in the study of international politics, more specifically in the study of the motives of development assistance. Secondly I will present a critique and illustrate how the liberal interdependence perspective fits into the case of Canada's development assistance to China and why I think the realist and Marxist perspectives are not adequate in explaining this case.

1. THEORETICAL PERSPECTIVES TO DEVELOPMENT ASSISTANCE

The debate on development assistance is mainly focused on three perspectives of the international political theory, namely, the realist power-politics perspective of national interests, the Marxist perspective of dependency or class based economic interests and the liberal interdependence perspective of mutually beneficial interests.

The realist position maintains that the international system is characterized by anarchy and by the political competition for power and influence. The Marxist position is characterized by its reliance on historical patterns of trade, production and class conflict. The liberal interdependence view holds that the system is

characterized by the notion of complexity, although the system is basically orderly. In other words, it can also be distinguished by its pluralist or liberal character.⁴³ In this chapter, I will examine each of these theoretical perspectives in this debate.

1. REALIST POWER-POLITICS PERSPECTIVE AND NATIONAL INTERESTS

The realist perspective argues that country-to-country relations mainly aim at power politics and national interests.

First, concerning power politics, the concept of power is generally defined as the capacity of a state to exert coercive influence upon other states and to resist such influence exerted by other states upon it. To qualify as a purely power relationship, one of the parties involved must be forced by superior strength to act contrary to its free choice.⁴⁴

There are several principles for political realism. According to Hans J. Morgenthau,⁴⁵ the main signpost that helps political realism to find its way through the landscape of international politics is the concept of interest defined in terms of power. Realism does not endow its key concept of interest defined as power

⁴³ "Introduction: Contemporary Issues and Approaches," in David G. Haglund & Michael K. Hawes, eds. World Politics, Power, Interdependence & Dependence (Toronto: Harcourt Brace Jovanovich Canada Inc, 1990), p. 2.

⁴⁴ Charles O. Lerche, Jr., Principles of International Politics (New York: Oxford University Press, Inc., 1956), p. 61.

⁴⁵ Hans J. Morgenthau, Politics among Nations, the Struggle for Power and Peace, Fourth edition (New York: Alfred A. Knopf, Inc., 1967), pp. 4-11.

with a meaning that is fixed once and for all. The idea of interest is indeed of the essence of politics and is unaffected by the circumstances of time and place.

From Morgenthau's realist argument, we can assume that Canada's development assistance to China serves a political purpose related to Canada's power in the international system. David G. Haglund and Michael K. Hawes also point out that the realist power-politics perspective understands the international system to be one in which independent sovereign states are in constant competition for power and influence. In this formulation, the central goal of every state is the pursuit of its national interest and the maximization of its power. Realism as an intellectual perspective makes three interrelated assumptions:

First, it assumes that states are the dominant actors in international relations (the state-centric principle) and that states act as coherent units (the rational-actor principle). Second, it assumes that force is a usable and effective instrument of foreign policy and that states will use force to enhance their relative position in the international system. And, finally, it assumes that there is a clear hierarchy of issues in world politics headed by the military/security issue. In short, it asserts that "high politics" (military issues) dominate "low politics" (economic, social, and technical issues).⁴⁶

Realism holds that international politics is a struggle between power-maximizing states in an environment of anarchy. But according to Jack Donnelly,⁴⁷ international anarchy, the absence of rule (government) at the level of international politics, does

⁴⁶ World Politics, eds. Haglund & Hawes, p. 2.

⁴⁷ Jack Donnelly, The Concept of Human Rights (London & Sydney: Groom Helm, 1985), p. 230.

not by itself lead to such a conclusion. Equally important is the realist view of other states as acquisitive, power-maximizing, potential (or real) enemies. Faced with such states in an anarchic environment, a concern for power must override just about everything else. To act as anything other than a power maximizer—for example, to pursue goals such as justice or to act out of motivations such as compassion—would leave oneself open to, even invite, attack. In such a world, self-help is the only help a state can expect. Therefore, power, the ultimate basis of effective self-help, must be the overriding concern of foreign policy.

Secondly, concerning national interests, apart from the emphasis of power and influence, the realist perspective also emphasizes national interests in world politics. Stephen D. Krasner⁴⁸ points out that the statist approach begins with the assumption that the state can be treated as an autonomous actor pursuing goals associated with power and the general interests of the society. The realist approach to the study of politics can be contrasted with the other two major theoretical paradigms—Marxism and liberalism. Both focus on the society and view official behaviour as manifestation of societal interests or needs. They both reject the concept of the national interest.

Krasner defines the state-centric or realist paradigm that states (defined as central decision-making institutions and roles) can be treated as unified actors pursuing aims understood in terms

⁴⁸ Stephen D. Krasner, Structural Conflict, The Third World Against Global Liberalism (Berkeley and Los Angeles: University of California Press, 1985), pp. 33-34.

of the national interest. Most studies of international relations from a realist perspective have treated the national interest as a basic assumption in constructing a logical-deductive model of international politics. More precisely, they have assumed that states will act to protect their territorial and political integrity. From this assumption it is possible to derive propositions about how states will behave given the distribution of power in the international system (hegemonic, bipolar, multipolar, etc.) and the position of the individual state in that system.⁴⁹

The above is a general outline of the realist perspective of world politics. The basic characteristic of realism is that it regards power and national interests the essence of international relations. This characteristic is also applicable in studying the issue of development assistance.

On the issue of development assistance, the realist perspective argues that ODA primarily serves the donor's national interest. As Barry Jones⁵⁰ points out,

Economic realists are discriminating in their overall view of international economic aid. Its strategic utility to donors is acknowledged: its use as a 'payment' for political support, strategic services and economic alignment. Aid may, moreover, be particularly welcome to many within the recipient countries: furnishing many benefits from personal wealth to resources for the recruitment and maintenance of domestic political support. The 'power' relationships that underlie aid relationships, and the political implications of many aid

⁴⁹ Ibid., pp. 13-14.

⁵⁰ R. J. Barry Jones, "Political Economy: Contending Perspectives on a Changing World," in Barry Jones, ed. The Worlds of Political Economy (London and New York: Pinter Publishers, 1988), p.22.

programmes, must, however, be acknowledged within any sensitive analysis.

On motives of development assistance, the realists mainly argue that development assistance has been aimed at containing communism and for global and regional security. For example, the sizable expansion of the U.S. foreign assistance in the late 1950s was a political response to increasing Soviet activities in less developed countries. The strategic objective in United States aid is perhaps most clearly expressed by the huge allocations to South Vietnam, South Korea, Thailand, and Taiwan to strengthen the ability of these countries to withstand the spread of Communism.⁵¹ According to Earle Conteh-Morgan, the US aid objectives are as follows:

⁵¹ Radetzki, p. 39.

Table I:

US AID OBJECTIVES⁵²

Category	Objective
Geopolitical	<ol style="list-style-type: none"> 1. A Cold War weapon against communism. 2. Enhancement of local military preparedness of recipients 3. Promotion of democracy and maintenance of the status quo 4. A rewarding/punishing instrument 5. Territorial security and external military security 6. Selective targeting of priority regions 7. A back-up to the interests of allies 8. A favourable international image
Economic	<ol style="list-style-type: none"> 1. Access to markets and raw materials 2. Removal of barriers to foreign investment and free trade 3. Promotion of exports in the form of procurement-tying
Humanitarian	<ol style="list-style-type: none"> 1. higher living standards in the Third World 2. A conscience-satisfying instrument towards poorer countries.

The above table shows that the U.S. development assistance is designed primarily to promote the U.S. geopolitical interests. Arghyrios A. Fatouros and Robert N. Kelson⁵³ argue that in political terms, the provision of external aid is closely related to the main political issue, the struggle for domination between "Western" and communist nations, but other political and economic issues are also of importance.

It is a matter of dispute whether the desire to combat

⁵² Earl Conteh-Morgan, American Foreign Aid and Global Power Projection, The Geopolitics of Resource Allocation (Worcester, Great Britain: Dartmouth Publishing Company, 1990), p. 30.

⁵³ Fatouros & Kelson, p. 22.

communism is or was a prime motive of the Canadian Government when it decided to provide economic assistance. At the time of the 1950 Colombo Plan Conference, which marks the start of the Canadian aid program, the governments of developed and underdeveloped countries had just begun to realize the magnitude of the effort required in order to secure the economic development of the newly independent Asian countries. The presence of the "communist threat" made clearer and more imperative the need for some method whereby the economies of the underdeveloped countries would be strengthened and their development assured. The establishment of the Communist regime in mainland China was a powerful reminder of the existence of an alternative path to economic development. The U.S.-financed Marshall Plan in Europe was initiated partly in order to counteract the threat of communism. According to Fatouros and Kelson, the most that can be said of the anti-communist approach is that the availability of foreign aid is one of many factors which would be taken into account by recipient government in deciding whether to favour the one or the other bloc.⁵⁴

According to the realist perspective, Canada's ODA is a component of Canada's foreign policy.⁵⁵ Peter Wyse⁵⁶ talks about

⁵⁴ Ibid., pp. 23-24.

⁵⁵ CIDA, Strategy for International Development Cooperation, 1975-1980 (Ottawa, 1975), p. 23.

⁵⁶ Peter Wyse, Canadian Foreign Aid in the 1970s: An Organizational Audit, Occasional Monograph Series, No. 16, Centre for Developing-Area Studies, (Montreal: McGill University, 1983), p. 20.

the relations between development assistance and Canada's foreign policy. According to him, the following table describes the foreign policy objectives of Canadian aid, and how foreign aid helped achieve these objectives.

Table II:

Canada's Foreign Policy Objectives of Aid⁵⁷

Objective	Means By Which Aid Achieved Objective
A. Limit the proliferation of nuclear weapons	By influencing Third World governments, through goodwill or leverage, to sign the nuclear non-proliferation treaty
Promote national unity	By influencing Third World governments, through goodwill or leverage, into not recognizing Quebec as a sovereign government
Reduce physical threats to Canadian peace and security, particularly threats posed by nuclear blackmail or terrorism	By influencing Third World governments, either through goodwill or leverage, into adopting favourable policies toward Canada
Reduce economic threats to Canada posed by producer cartels, nationalization of Canadian multinationals or unilateral repudiation of Canadian loans	By influencing Third World governments, either through goodwill or leverage, into adopting satisfactory economic policies toward Canada
Reduce risks that a substantial number of Third World nations would side with the USSR in East-West conflicts	By influencing Third World governments, either through goodwill or leverage, into positive policies toward the West in the context of the Cold War
Maintain the multilateral system for solving international problems	By influencing Third World governments, through goodwill and leverage, into participating in multilateral forums such as the

⁵⁷ Ibid., p. 20.

United Nations

B. Reduce physical threats to Canadian peace and security, particularly threats posed by nuclear blackmail or terrorism	By promoting Third World development, thereby reducing the gap in living standards between rich and poor nations, and removing the incentive for aggressive international behaviour
Reduce economic threats to Canada posed by producer cartels, nationalization of Canadian multinationals, or unilateral repudiation of Canadian-owned debt	By promoting Third World development, thereby reducing the gap in living standards between rich and poor nations, and removing the incentive for aggressive international behaviour
Reduce the possibilities of communist takeovers in Third World countries	By promoting Third World development, thereby eliminating the conditions which might foster a communist takeover
Reduce instability in the Third World, thereby reducing chances of trade disruptions, damage to property, and global conflict resulting from superpower confrontation on opposite sides of a Third World conflict	By promoting Third World development
C. Create national unity by creating a sense of national identity	By demonstrating Canada's concern for social justice in international affairs
Reduce ideological conflict in Canada and strengthen domestic welfare programs	By demonstrating Canada's concern for social justice in international affairs

The above table reveals that Canada's development assistance is for achieving the objectives of foreign policy mainly through three basic means: promoting Third World development; demonstrating the government's concern for social justice; and influencing Third World government's policies toward Canada. Wyse said that in

relations between rich and poor nations, Western aid provided a means to forestall cooperative Third World actions such as support for terrorism and other acts harmful to Western interests. In a bilateral context, Canadian aid provided a means to induce Third World governments to buy Canadian goods and services, to refrain from nationalization of Canadian assets, to sign the nuclear non-proliferation treaty, or to respect the sovereignty of Canada's federal government in international affairs.⁵⁸

Apart from the theme of containing communism, the realist perspective argues that it is in the interests of the developed countries to assist in Third World development in order to provide an additional element of stability. The realists believe that the emergence of the underdeveloped countries into national political independence is a constant source of world political and economic instability. It is in the interest of all countries, developed and underdeveloped, to create a more stable world environment. Through the development of the "have-not" countries, one potential source of instability can be eliminated.⁵⁹

In the case of China, according to Martin Rudner,⁶⁰ Canadian foreign policy with respect to China is driven primarily by concerns of regional and global security. Rudner points out,

⁵⁸ Ibid., p. 22.

⁵⁹ Fatouros & Kelson, pp. 26-27.

⁶⁰ Martin Rudner, Canadian Development Assistance to Asia: Programs, Objectives and Future Trends, The Asian Pacific Research And Resource Centre Working Paper Series, APPRC W/P-6 (Ottawa, April, 1991), pp. 13-15.

In addressing Communist governments generally, Canada has ended to stress the importance of developing bilateral and multilateral relationships in the political, economic, social, and cultural spheres, as bridges to a stable international system. Yet when that stability was challenged, as when Vietnam invaded Cambodia or by the Tiananmen Square massacre, Canada responded with policy shifts and trade-offs that catered to some interests over others, but which emphasized the overriding objective of international security. Canadian efforts at building bridges to China took on renewed vigour shortly after the end of the Cultural Revolution. What prompted this was a determination to extend Canada's international relationships, coupled with a diplomatic intuition that by cultivating an opening to China Canada could contribute to a reduction in international tensions and thus to regional and global security.⁶¹

The realist perspective also argues that human rights issue is not important in strategic power-politics. According to Jack Donnelly, the realist holds that human rights should not be pursued in national foreign policy because foreign policy is and must always be about the national interest defined in terms of power.⁶² Morgenthau argues that "the principle of the defense of human rights cannot be consistently applied in foreign policy because it can and must come in conflict with other interests that may be more important than the defense of human rights in a particular circumstance."⁶³

Realists typically argue as if human rights and other moral concerns could never be part of the national interest. According to

⁶¹ Ibid., p. 13.

⁶² Jack Donnelly, Universal Human Rights in Theory and Practice (London: Cornell University Press, 1989), pp. 229-230.

⁶³ Ibid., pp. 230-232.

Kim Richard Nossal⁶⁴, there would appear to be a relationship between the strategic importance of a state and Canada's propensity to pursue an activist policy on human rights. In the major cases of violations in the last decade, where "strategic concerns" have largely been absent, as the Uganda, Kampuchea, or Sri Lanka, Ottawa has taken a stiff stand against violations; where clearly identifiable strategic interests exist, it tended to play down violations. Canada's "considerable ambivalence" on South Africa, or its relatively muted expression of concern about human rights violations in Indonesia, Central America and Iran can be linked to the strategic importance of the states involved.

In the case of Canada's ODA to China, realists argue that Canada's concern on China's human rights conditions is primarily for geo-political purpose. According to Martin Rudner,

Canada's reaction to the Tiananmen Square massacre mixed political remorse with realpolitik. The Government expressed diplomatic displeasure, and acted to grant refuge to Chinese students (who were already in Canada) along with the imposition of limited sanctions against China. These sanctions entailed the cancelling of certain bilateral exchanges and cultural agreements, and the postponement or cancelling of some aid commitments. Be that as it may, there was no intention of foreclosing on relations with China. Canada wanted to keep the door to China opened, to preserve connections that Canadian foreign policy considered crucial for maintaining a geo-strategic equilibrium across the Asia Pacific region.⁶⁵

⁶⁴ Kim Richard Nossal, "Cabin'd, Cribb'd, Confin'd?: Canada's Interests in Human Rights," in Robert O. Matthews and Cranford Pratt, eds. Human Rights in Canadian Foreign Policy (Kingston and Montreal: Mc-Gill-Queen's University Press, 1988), pp. 53-54.

⁶⁵ Rudner, Canadian Development Assistance to Asia: Programs, Objectives and Future Trends, p. 14.

The above examination shows the realist perspective in international politics and its main arguments in the debate of development assistance. In brief, the realists argue that ODA is mainly for the donor's national interests conceived in terms of power politics. The power relationship between the donor and the recipient underlies the aid relationship.

2. MARXIST DEPENDENCE PERSPECTIVE AND CLASS INTERESTS

In contrast with the realist approach which is characterized by power-politics and national interests, the Marxist approach is characterized by economic interests and class relations. There are two schools of Marxists - the orthodox Marxists and the neo Marxists (dependency theorists). The former emphasizes more on class relations and the latter talks more about the exploitation of the South by the North. Although there are two schools of Marxists, in this thesis I will mainly focus on dependency theory rather than orthodox Marxism since this is the approach used to look at development assistance.

The Marxist approach understands world politics mainly by studying the class relations or the economic interests for the dominant class. Marx says in the Communist Manifesto:

The bourgeoisie cannot exist without constantly revolutionizing the instruments of production and thereby the relations of production, and with them the whole relations of society. The bourgeoisie... draw all, even the most barbarian nations into civilization. It compels all nations, on pain of extinction, to adopt the bourgeois mode of production; it compels them to introduce what it calls civilization into their midst, to

become bourgeois themselves. In a word, it creates a world after its own image.⁶⁶

According to Robert Brenner,⁶⁷ Marx was quite confident that capitalist economic expansion, through trade and investment, would inevitably bring with it the transformation of pre-capitalist social-productive relations--i.e. class relations--and the establishment of capitalist social-productive relations, a capitalist class structure. It was clearly on the premise that capitalist expansion would lead to the establishment of capitalist social relations of production on the ruins of the old modes, that Marx could predict world wide economic development in a capitalist image. Brenner points out that in every case, it is class relations which clearly become pivotal: the question of their transformation in relationship to economic development.⁶⁸

The neo-Marxists or dependency theorists emphasize the issue of dependency and underdevelopment in North-South relations. In other words, the neo-Marxists argue that ODA is mainly for the donor's one-sided economic interests rather than for the interests of the poor developing countries.

Concerning the concept of dependency and underdevelopment,

⁶⁶ Karl Marx and Frederick Engels, Manifesto of the Communist Party (Moscow: Foreign Languages Publishing House, 1948), p. 45.

⁶⁷ Robert Brenner, "The Origins of Capitalist Development: a Critique of Neo-Smithian Marxism," New Left Review, No. 104 (London, July-August, 1977), pp. 25-26.

⁶⁸ Ibid., p. 26.

according to Peter J. Henriot,⁶⁹

Dependency means that the major decisions which affect socioeconomic progress within less developed areas--decisions, for example, about commodity prices, investment patterns, monetary relationships--are made by individuals and institutions outside those countries. It is a situation in which the economy of certain countries is conditioned by the development and expansion of another economy to which the former is subjected.

Andre Gunder Frank⁷⁰ defines underdevelopment as the flip-side of the coin of "development." It refers to the process whereby a country, characterized by subsistence agriculture and domestic production, progressively becomes integrated as a dependency into the world market, in particular the demands dictated by the industrialized nations, with a consequent lack of integration within the country between the various parts of its own domestic economy.⁷¹

Frank also points out that underdevelopment is the result of exploitation of the colonial and class structure based on ultraexploitation. He refers the relationship between the developed and the underdeveloped as the relationship between the core and the periphery. Frank says,

It has been maintained that the very same mechanisms which set off underdevelopment in the "periphery" are

⁶⁹1 Peter J. Henriot, "Development Alternatives: Problems, Strategies, Values," in Charles K. Wilber, ed. The Political Economy of Development and Underdevelopment, Second Edition (New York: Random House, 1979), p. 236.

⁷⁰ Andre Gunder Frank, "The Development of Underdevelopment," in James D. Cockcroft et al., eds. Dependence and Underdevelopment: Latin America's Political Economy (Garden City, N.Y.: Anchor Books, 1972), pp. 3-18.

⁷¹ Ibid., p. 11.

prerequisite to capital accumulation in the 'core'. Capitalist development cannot take place in the core unless underdevelopment is developed in the periphery, because the very mechanisms which determine underdevelopment are required for capitalist accumulation.⁷²

Just as Frank has sought to find the sources of underdevelopment in the periphery in its relationship with the core, Immanuel Wallerstein has sought to discover the roots of development in the core in its relationship with the periphery. In his work The Origins of the Modern World System, Wallerstein attempts to establish the origins of capitalist development and underdevelopment and to locate the mainsprings of their subsequent evolutions. According to Wallerstein,

the world economy can be understood primarily in terms of the historically conditioned, systemically promoted relationship between the core and the periphery (and the existence of a semi-periphery that operates as a buffer between exploiter and exploited).⁷³

The above examination of Marxist theory shows that the neo-Marxists understand the international system through studying the North-South relations or the core and the periphery. On the issue of development assistance the rich may refer to elites in both North and South and the poor the grassroots. And the core may refer to the developed countries and the periphery the underdeveloped countries.

According to Peter Wyse, there are mainly two models for development. Each implies specific strategies for Third World

⁷² Brenner, p. 28.

⁷³ World Politics, eds. Haglund & Hawes, p. 7.

governments and aid donors. Wyse says,

The first model has been called by various names: "mass-oriented," "grass-roots," "bottom-up." The essence of the model is that development will result more productive as they make minor improvements in their traditional skills, as they make minor adaptations to traditional technologies, and as they acquire new but simple technologies. As productivity increases marginally, investible surpluses will develop and will be owned by the mass of the population... As time progresses, the momentum of development will increase as many people participate in development and acquire confidence in their ability to improve their lives.⁷⁴

Wyse comments that within this model the recipient government has a key role to play. It must give highest priority to programs which increase the skills and improve the productivity of the mass of the population. Such programs would include agricultural extension, literacy, health, education, rural industries, and local infrastructure development. They would be nation-wide and give particular emphasis to less developed regions and rural areas. Government administrative structures would be decentralized in order to deal with local problems more effectively.

The second model has been called the "elite-oriented" or "top-down" model. In this model, a few people become significantly more productive through the introduction of foreign technologies. These few are the elite who have already acquired the skills to use the foreign technologies; the mass of the population continues with traditional modes of production and technologies, and experiences few benefits from the development process. As the elites become significantly more productive, they create surpluses, which are owned by individual entrepreneurs in capitalist countries, or by the state in socialist ones; in either case, the decisions concerning the reinvestment of the surplus fall to a narrow, well-educated, urban, well-to-do elite.⁷⁵

⁷⁴ Wyse, p. 48.

⁷⁵ Ibid., p. 48.

Wyse points out that the elite model requires that recipient governments undertake specific developments: high level education and training to provide the work force for the elite economy; urban water, swage, and transportation systems to support the urban society which houses the elite urban economy; inland transportation networks designed to get exports to foreign markets to generate the foreign exchange needed to finance the elite economy; modern communications systems to save elite time; power developments to drive the elite industries; government corporations to produce the exports needed to pay for the further evolution of the elite economy. Generally, public programs would occur in developed regions or urban areas.

Wyse points out that in the long term, no one knows whether the mass-oriented, bottom-up model is superior to the elite-oriented, top-down model in creating the desired prosperity. Nevertheless, in the short-term, the elite-oriented model offers little for those who are currently poor.⁷⁶

In my research on Canada's development assistance, I find that the Marxist arguments mainly focus on the following issue areas:

First, according the Marxist class theory, the Marxist perspective would argue that Canada's development assistance is elite-oriented rather than mass-oriented or grass-roots.

The Marxists would argue that Canada's aid policies and those of other Western donors had been elite-oriented. According to Cranford Pratt, it is widely accepted - usually as criticism - that

⁷⁶ Ibid., p. 48.

since 1975 the focus and concentration of Canada's development assistance policies upon helping the poorest people and poorest countries to achieve self-sustaining development have lessened significantly.⁷⁷

The Marxist perspective thus argues that development assistance is mainly for donor's one-sided economic interests or for the exploitation of the recipient countries. According to Chiao Guanhua's speech at the U.N. Assembly,⁷⁸

But now some people are using aid as a means for controlling other countries and expanding their own spheres of influence. When they give something to other countries, they assume the airs of a benefactor and demand all sorts of privileges. They send to the recipient countries experts and advisers who behave as tyrants, ordering people about and lording it over them. How could this be called aid? We hold that all countries which are sincere in providing aid to others, including multilateral aid through the United Nations, should help the recipient countries and not exploit them.

Chiao argues that when providing a loan or other forms of aid, donors should strictly respect the sovereignty of the recipient countries, attach no conditions and ask for no privileges. The purpose of providing aid to other countries should be to help the recipient countries stand on their own feet and to develop an independent national economy. Donors must not reduce the recipient

⁷⁷ Cranford Pratt, "Ethics and Foreign Policy: The Case of Canada's Development Assistance," in J. L. Granatstein, ed. Towards a New World (Toronto: Copp Clark Pitman Ltd., 1992), p. 224.

⁷⁸ Guanhua Chiao, "Speech at the General Assembly of the United Nations," 2051st Plenary Meeting, Tuesday, 3 October 1972, Official Records of the General Assembly Twenty-Seventh Session Plenary Meetings, Volume I of three volumes, Verbatim records of meetings, 19 September-19 December 1972, United Nations, 1976 (New York, 1976), p. 16.

countries to dependence and subordination in the name of "economic aid" or "the international division of labour", still less place them under their control on the pretext of "aid".⁷⁹ As Barry Jones points out,

Marxists condemn much of the past and present flow of aid as, at best, a sop to liberal consciences within the rich countries and, at worst, a means of preserving the economic subordination of the Less Developed Countries (LDCs). Far from being welcome, aid should thus be rejected as constituting a mechanism for preserving the continued attachment of the LDCs to the prevailing work economic order and hence, their continued exploitation and subordination.⁸⁰

Teresa Hayter⁸¹ also argues that the existence of aid can be explained only in terms of an attempt to preserve the capitalist system in the Third World. Its contribution to the well-being of the peoples of the Third World is negative, since it is not in their interest that exploitation should continue. Hayter points out,

Aid can be regarded as a concession by the imperialist powers to enable them to continue their exploitation of the semi-colonial countries; The availability of 'official aid' increases the likelihood that the governments of Third World countries will tolerate the continuation of massive outflows of private profits and interest on past debts. It may help to bolster up such governments by providing a few short-term solutions to their economic difficulties. It may also help to create and sustain, within Third World countries, a class which is dependent on the continued existence of aid and foreign private investment and which therefore becomes an

⁷⁹ Ibid., pp. 16-17.

⁸⁰ Jones, "Contending Perspectives," p. 22.

⁸¹ Teresa Hayter, Aid as Imperialism (London: Penguin Books, 1971), p. 7.

ally of imperialism.⁸²

Hayter also points out that aid has a number of additional disadvantages. In its general role as preserver of the capitalist system, aid can act in more indirect and complex ways than as a mere bribe or concession to sweeten the pill of exploitation. Thus Hayter argues that in a long term it is clearly necessary that underdeveloped countries should reduce their dependence on the industrialized countries and the concomitant opportunities for the latter to exploit them.⁸³

P. Bauer has represented a number of critics in arguing that although economic assistance may be guided by the desire to alleviate economic problems in the less-developed world, it is a most ineffective instrument in this regard. He believes that foreign economic aid represents a "system of doles" which may actually exacerbate the recipient's problems by reducing savings, encouraging over-ambitious planning strategies and diverting attention away from that institutional framework which he considers to be essential to development.⁸⁴

Secondly, since the Marxists believe that ODA serves as a means the interests of the donor or the rich rather than the interests of the recipient or the poor, the Marxists argue that there should be a radical change in donor's ODA policy so that ODA

⁸² Ibid., p. 9.

⁸³ Ibid., pp. 10-11 and 184-185.

⁸⁴ P. Paucer, House of Commons Selected Committee on Overseas Aid, Minutes of Evidence Sub-Committee A. Session 1969-70 (London: HMSO, 1970) p. 203.

will benefit the poor. According to J. Audibert,⁸⁵ the present forms of bilateral aid are criticised both by a certain number of beneficiary countries and by pressure groups inside the donor countries. The commonest criticism can be classified under several headings such as: Bilateral aid is not always adapted to recipients' circumstances or bilateral aid is not sufficient, etc.⁸⁶

Keith Griffin argues that the contribution of foreign aid to the alleviation of poverty in the Third World has at best been slight and at worst negative.⁸⁷ First, the amount of aid is very small, namely, little more than a third of one per cent of the gross national product of the donor countries. Second, much of the aid disbursed since the end of the Second World War has gone to the less-poor countries. For example, during the period 1945 to 1970 Europe was by far the largest recipient of US aid, with 35.2 per cent of the total, receiving exactly the same amount as South Asia, the Near East and Latin America combined. Britain alone received 60 per cent more than the whole of Africa. Third, there is no evidence that within the poor countries the aid has, on balance, gone to the poorest people. Fourth, a significant proportion of such aid as has been transferred to the Third World has been used to supplement consumption rather than investment and consequently the impact of aid on the rate of growth has usually been rather small. In effect,

⁸⁵ J. Audibert, p. 97.

⁸⁶ Ibid., pp. 99-100.

⁸⁷ Griffin, pp. 6-7.

underdeveloped countries have borrowed capital in part to increase their consumption.⁸⁸

There are also criticisms from the Marxists for problems such as tied aid and brain drain in development assistance. According to Marian Radetzki, development assistance is for donor's one-sided commercial interests. Commercial donor interests have taken various expressions, for instance, the habit of supplying aid only for activities in which the donor is efficient and experienced, or by an outright tying of aid supplies to the donor country.⁸⁹ According to J. Audibert,

Bilateral aid is often 'tied'. It compels the beneficiary country to use the credit put at its disposal to buy goods coming from a donor country. The practice of 'tied' aid restricts the freedom of the recipient country and it can harm the completion of projects by slowing down their execution. It can also increase the cost of certain projects.⁹⁰

David R. Morrison⁹¹ says that critics of the requirements tying Canadian bilateral ODA to the purchase of at least 80 per cent of required goods and services from Canadian sources (with at least two-thirds Canadian content) claim that the resulting technological bias, real costs and lost opportunity costs weaken the value of aid. The North-South Institute (1985:8) commented in

⁸⁸ Ibid., p. 7.

⁸⁹ Radetzki, p. 39.

⁹⁰ Audibert, p. 97.

⁹¹ David R. Morrison, "Canada and North-South Conflict," in Brian W. Tomlin and Maureen Appel Molot, eds. Canada Among Nations 1987 (Ottawa: The Norman Paterson School of International Affairs, Carleton University, 1987), p. 142.

a publication: "The bald fact is that the poorest countries and people and the projects that benefit them are rarely the most attractive markets for most Canadian industries, universities and other institutions."⁹²

Another example of the criticism from the Marxists is that donor's development assistance may have negative effects on the recipient's development by "brain drain". According to Anne Bernard, Charles Lusthaus and Paul McGinnis,⁹³ throughout recent history, "brain drain" have occurred when students have been provided opportunities to have a university education outside their place of origin. A further risk of individual scholarships is the inability of the newly trained scholars to use their skills on their return. A related concern regarding scholars and scholarships is that by providing the country with scholarships, we are draining the best and brightest students from the university system, thus potentially reducing the intellectual climate of the institutions.⁹⁴ I will discuss the issues of "brain drain" and tied aid in the critique as well as in the following chapters.

Thirdly, the Marxist perspective is different from the realist perspective on the issue of human rights and development assistance. In contrast with the realist approach, the Marxist approach argues that human rights should be an important issue in

⁹² Ibid., p. 142.

⁹³ Anne Bernard, Charles Lusthaus and Paul McGinnis, "Overview of China HRD Concept Papers," A Review of Human Resource Development in China (Hull, Quebec: CIDA, March 1992), p. 9.

⁹⁴ Ibid., p. 9.

development assistance for the purpose of helping the poor in recipient countries. The Marxists criticize the donor countries for not paying attention for violations of human rights in recipient countries. Their criticisms mainly have the following three reasons. First, according to the Marxists, the donor countries negate the importance of human rights because ODA is for the interests of the elite-class rather than for the grassroots or the poorest in recipient countries. Peter Wyse pointed out that in the recipient countries, only the few of elites, not the many of the mass benefits from the development process.⁹⁵ Secondly, the donor countries negate the importance of human rights because ODA is for protecting the capitalist system or the capitalist government in the recipient countries. Take the example of South Africa. Kim Richard Nossal points out,

Structural Marxists argue that the Canadian government has a coincident interest with governments of other capitalist states in the maintenance of the capitalist system. This means participation in a broad coalition of capitalist states that have an interest in doing nothing that will precipitate collapse of the capitalist system in South Africa.⁹⁶

The Marxists also criticize that the human rights of the poor have been ignored by the donors in development assistance because the donors only focus on their own economic interests. As Teresa Hayter points out that aid could reasonably be expected to be development in and for the third world. But the imperialist countries were, on the contrary, stunting and distorting

⁹⁵ Wyse, p. 48.

⁹⁶ Nossal, p. 53.

development in the third world through exploitation.⁹⁷

The neo-Marxists strongly support human rights and claim that existing aid policies undermine human rights which include economic, social, cultural as well as civil and political rights. In Canada's development assistance, the Marxists argue that Canada's human rights policy is weak and ineffective. If Canada has economic interests in the recipient country or if Canada does not want to see a collapse of the capitalist system in the recipient country, Canada would not consider human rights violations in recipient countries an important issue in offering development assistance. The Marxists argue that the Canadian government has a coincident interest with governments of other capitalist states in the maintenance of capitalism. According to Kim Richard Nossal, the Marxist argument is similar to the realist approach which emphasizes East-West rivalry and (assuming that white South Africa is on "our" side) the importance of denying the Soviet Union political hegemony in southern Africa and control over South Africa's strategic minerals, sea lanes, or ship repair facilities. In both broad perspective, which share some common analytical ground, the Canadian government is seen as bound and constrained by its perceptions of a threatening international environment.⁹⁸

In the case of Canada's ODA to China, the Marxist would argue that Canada's human rights concern in China should benefit the poor in China rather than for Canada's strategic or economic interests.

⁹⁷ Hayter, p. 7.

⁹⁸ Nossal, p. 53.

The point will be elaborated in the critique and in Chapter V when I discuss the issue of Canada's ODA to China and it's link with human rights.

3. LIBERAL INTERDEPENDENCE PERSPECTIVE AND MUTUAL INTERESTS

In contrast with the realist power-politics approach of national interests and the Marxist dependency approach of economic interests of class relations, the liberal interdependence perspective understands world politics by emphasizing the mutually beneficial interests in country-to-country relations. The Brandt Report⁹⁹ of the Independent Commission for International Economic Cooperation offers elegant testimony for this liberal interdependence approach. According to the report the world is now a fragile and interlocking system, whether for its people, its ecology or its resources. Brandt avers that "this Report deals with peace. War is often thought of in terms of military conflict, or even annihilation. But there is a growing awareness that an equal danger might be chaos--as a result of mass hunger, economic disaster, environmental catastrophes, and terrorism."¹⁰⁰

The Brandt report contains a number of specific arguments about the way in which developments in the South affect the North. For instance, a surging demand for grain in the South, a result of

⁹⁹ Willy Brandt, North-South A Programme for Survival (Cambridge: the MIT Press, 1980), p. 33.

¹⁰⁰ Ibid., p. 13.

local crop failures, would contribute to inflation in the North. Rapid population growth could have a deleterious impact on the earth's ecosystem. Developing countries are increasingly important trading partners for the North. Economic collapse in the South could spawn international terrorism and even nuclear blackmail. Thus, the interdependence arguments address not only the domestic poverty of the South but also the consequences of conditions in the South for the North.¹⁰¹

The arguments from the liberal interdependence perspective on development assistance mainly focus on the following issue areas.

First, the liberal interdependence perspective argues that there is a link between the North and the South. Krasner says that while the focus of various liberal and basic human needs perspectives are on the well-being of the South, the emphasis in interdependence approaches is on the links between the North and the South. The fate of all countries is intertwined. Partisans of an interdependence perspective maintain that this is a world that cannot be adequately understood by focusing on states and power. Economic failure for the South would have dire consequences for the North.¹⁰²

Secondly, the liberal interdependence perspective argues that development assistance should be mutually beneficial to both donor and recipient. The above examination shows that the liberal interdependence approach emphasizes the North-South relations and

¹⁰¹ Krasner, p. 27.

¹⁰² Ibid., pp. 25-26.

the obligations of the North to help the poor. Apart from that the liberal interdependence approach also argues that development assistance is for the mutual interest of both the South and the North. R. J. Barry Jones emphasizes the mutual benefits by saying:

Liberal political economy envisages the progressive development of a benign form of international interdependence. Free trade generates a mutually beneficial specialisation of production and mutually advantageous pattern of international trade. Societies increasingly appreciate the mutual benefit gained from their trade with one another and, in consequence, develop fellow feelings for those with whom they have such positive relationships. Moreover, it is possible that the patterns of productive specialisation will engender new mutual dependencies that make it difficult, if not impossible, for states to go to war with one another. Mutual benefit, and the eventual harmonization of all relations, are thus the products of a free international system of trade in this liberal, and essentially 'functionalist', view of the global political economy.¹⁰³

R. Robinson also said that the growth of a system based largely on official aid, in which private enterprise still plays an important role is an enormous stride forward in world history. It offers the first chance of international cooperation to organize the mutual economic and political interests of developed and underdeveloped countries rationally and constructively.¹⁰⁴

According to Chief S. O. Adebo,¹⁰⁵ among recipients of economic assistance, there is a general consensus that its primary

¹⁰³ Jones, p. 20.

¹⁰⁴ Ibid., p. 117.

¹⁰⁵ Chief S. O. Adebo, "Why Aid?" in Ronald Robinson, ed. International Co-Operation in Aid, Impressions and Papers of the Fifth Cambridge Conference on Development Problems, (Cambridge: Jesus College, 4-17 September 1966), p. 69.

objective is long-term economic and social development, however defined. For the aid providers, the statement of objectives is more complicated; it involves both a choice among recipients and a balancing of benefits to the recipients against costs and secondary gains to the donor. The main purposes considered by donor countries and lending agencies include:

1. the long-term development of the recipient; 2. maintenance of minimum income levels and political stability in the recipient; 3. political advantages to the donor, including the strengthening of one country instead of another; 4. economic advantages to the donor.¹⁰⁶

There are thus two main themes in the liberal interdependence argument. As the fates of the North and the South are intertwined, the liberal interdependence approach first emphasizes that the North has obligations to help the South. John White¹⁰⁷ says that the term "foreign aid" can only be properly applied to action taken by people or institutions in one country towards people or institutions in another country which help, or are at least intended to help, the latter.

Regarding the mutual benefits motives, development of the recipient countries is usually stated as the overriding objective, even if not the only one.¹⁰⁸ T. Sumberg emphasises the beneficial effects of concessional finance and argues that "rich nations should help poor ones out of a sense of obligation and not only in

¹⁰⁶ Ibid., p. 69.

¹⁰⁷ White, p. 7.

¹⁰⁸ Radetzki, p. 39.

self interest".¹⁰⁹

According to S. Alex Cunliffe,¹¹⁰ in contrast to the arguments of the realist and Marxist groups which respectively emphasize the benevolent or exploitative character of economic assistance, there are a number of authors who consider the aid process in more 'compromising' terms. They argue that, while aid must be regarded as a possible means whereby the donor can pursue his foreign policy interests, it is also an international transfer of resources which must be made acceptable to the recipient's needs.¹¹¹ One of the early proponents of this view was E. S. Mason who in 1964 commented:

To discuss foreign aid as an instrument of policy implies that foreign aid programs are shaped with the interests of the aid-giving countries primarily in mind. But, the term 'interests' covers a wide spectrum of concerns, and, of course, it does not follow that because the interests of the aid-giving countries are served, the best interests of the aid-receiving countries are thereby denied.¹¹²

Such writers as J. M. Nelson (Aid, Influence and Foreign Policy, New York, Macmillan, 1968) and H. Knorr (Power and Wealth, London, MacMillan 1973) have also emphasized that there is no

¹⁰⁹ T. A. Sumberg, Foreign Aid as a Moral Obligation, The Washington Papers: No. 10 (Washington, DC.: Sage 1973). See S. Alex Cunliffe, "Economic Aid as an Instrument for the Promotion of International Human Rights," in Dilys M. Hill, ed. Human Rights and Foreign Policy, Principles and Practice (New York: St. Martin's Press, 1989), p. 117.

¹¹⁰ Ibid., p. 118.

¹¹¹ Ibid., p. 118.

¹¹² E. S. Mason, Foreign Aid and Foreign Policy (New York: Harper & Row, 1964), p. 3. And see *ibid.*, p. 119.

reason to assume that, by pursuing the interests of the donor, the recipient's requirements are also negated.¹¹³

Cranford Pratt¹¹⁴ emphasizes the ethical component of development assistance and uses the phrase humane internationalism to identify the ethical component which has to a varying but significant degree distinguished the attitude towards Third World development in the postwar political cultures of Canada and some other developed countries in the North and which has influenced their policies on North-South issues. According to Pratt, the features of humane internationalism are that it accepts an obligation to alleviate global poverty and to promote development in the LDCs. Humane internationalism also convicts that a more equitable world would be in the real long-term interests of the North-South relations.¹¹⁵ Pratt said that the major components of humane internationalism can be easily identified. At its core is an acceptance by the citizens of the industrialized states that they have ethical obligations towards those beyond their borders and that these in turn impose obligations upon their governments.

The second theme of the liberal interdependence argument of mutual interests is that development assistance is not solely for the purpose of international altruism. The donor countries also expect gains in return or share the profits with the recipient. As

¹¹³ Cunliffe, p. 119.

¹¹⁴ Cranford Pratt, "Humane Internationalism: Its Significance and Its Variants," in Cranford Pratt, ed. Internationalism Under Strain (Toronto: University of Toronto Press, 1989), p. 13.

¹¹⁵ Ibid., pp. 15-16.

already quoted from Robert D. McKinlay and R. Little that compensatory liberals are willing to cede some partial loss for what they perceive to be a greater gain and that gain lies in the area of equality.¹¹⁶

According to J. Audibert, the fact that some nations share part of their income to help other nations to have access to greater prosperity cannot be attributed solely to international altruism. It should not be taken that the reasons for giving aid are selfish, since the efforts are not always profitable to the giving nations, whereas they are often decisive for the beneficiary countries. If France has chosen the course of co-operation in planning her aid policy for the Third World it is in order to start a series of operations intended to produce happy results for both partners; the profit to be shared between them.¹¹⁷

Concerning Canada's development assistance, Stephen G. Triantis says that Canada's main motive is, or should be, humanitarian or philanthropic. Secondly, Canadian aid funds have been spent largely on Canadian goods and services. This, it has been suggested, serves to open up future markets for Canadian exports since, in the first place, such goods and services become known and needed as spare parts or replacements in the underdeveloped countries, and secondly, Canada's businessmen acquire knowledge and experience of foreign countries and markets. Thirdly, the extension of aid, especially insofar as it involves

¹¹⁶ McKinlay and Little, p. 26.

¹¹⁷ Audibert, p. 97.

technical assistance, enables the Western countries to influence considerably the economic and political development in the underdeveloped countries.¹¹⁸

Argyrios A. Fatouros and Robert N. Kelson also point out that it would be naive to maintain that, in providing external aid, the Canadian Government is not concerned with its effect on the national economy. External aid can be and has been used to assist domestic industries. Direct assistance to domestic industries related to external aid may take the form of a government contract.¹¹⁹

Domestic industries may also benefit indirectly through the continuation on a private basis of the contacts and relations initiated through an aid project. The presence of Canadian-made locomotives given as a gift may include the recipient country's government to buy some more, or the contractor who successfully completed an external aid project may be used in connection with other projects of the recipient country.

The economic argument in favour of external aid is stronger still when raised to a higher level. To maintain their present standards, the developed economies must continue to expand. But the volume of international trade among developed countries is much higher than that of the trade between developed countries alone. The greater the number of developed economies, therefore, the higher the total volume of international trade and the better the

¹¹⁸ Triantis, pp. 12-19.

¹¹⁹ Fatouros and Kelson, p. 27.

opportunities for expansion for any one country. In the long run, then, only the developed areas will assure the continuing expansion and development of the now developed economies.¹²⁰

Thirdly, in contrast with the realist and the Marxist arguments on human rights, the liberal perspective argues that human rights issue is important in development assistance. The liberal perspective tends to focus more than the Marxists on civil and political rights and the liberals believe that respect for human rights in poor countries can be promoted through development.

Evan Luard said that the standards of internationally recognized human rights are minimal standards of decency, not luxuries of the West. It is not by chance that the most important international instrument in this field is entitled the Universal Declaration of Human Rights, and was adopted without a single dissentient vote. The assertion was that the standards laid down could and should be attained in any country. It was never expected that any state is too small, too remote or too poor to be expected to attain them.¹²¹ According to Luard,

We cannot stand by idly and watch torture, disappearances, arbitrary arrest and detention, racism, anti-Semitism, repression of trade unions and churches, debilitating poverty, illiteracy, and disease in the name of diversity or respect for cultural traditions. None of these practices deserves our respect, even if it is traditional (which most frequently is not the case).¹²²

¹²⁰ Fatouros & Kelson, pp. 27-29.

¹²¹ Evan Luard, Human Rights and Foreign Policy (Oxford: Pergamon Press, 1981), p. 21.

¹²² Ibid., p. 21.

Concerning Canada's human rights policy, Rhoda E. Howard¹²³ says that overall, Canada has a minuscule role to play in the promotion of human rights in its aid-recipient countries. Both development and human rights are primarily matters of internal social change and political action. Therefore, it is appropriate for Canada to be modest in its ambition to promote and protect human rights abroad, and to act with "absolute transparency" with regard to its methods and motives. Nevertheless, even with such a modest mandate, the most effective long-run strategy for promoting human rights is to help people to seek and protect their own rights.

In a widely-cited 1980 volume whose purpose was to influence the debate on human rights and foreign policy in the United States the philosopher Henry Shue proposed three levels of duties for states interested in human rights abroad. These are: 1. Duties to avoid depriving (of rights); 2. Duties to protect from deprivation; 3. Duties to aid the deprived."¹²⁴

At first glance, it could be argued that Canada does not engage in the direct deprivation of others' rights abroad. Canada is not an expansionist or imperialist power. Shue's second duty is to protect people from deprivation; that is, to attempt to change

¹²³ Rhoda E. Howard, "Civil-Political Rights and Canadian Development Assistance," in Irving Brecher, ed. Human Rights, Development and Foreign Policy: Canadian Perspectives (Halifax: The Institute for Research on Public Policy, 1989), p. 357.

¹²⁴ Ibid., p.358. And see Henry Shue, Basic Rights: Subsistence, Affluence and US Foreign Policy, (Princeton: Princeton University Press, 1980), p. 52.

social and political conditions so that potential and predictable deprivations do not occur. Canadian policy already encompasses the principle that it is particularly concerned with systematic, gross, and continuous violations of human rights. There have been much discussion in Canada over using carrots or using sticks, that is, over encouraging relative rights-protectors rather than punishing relative rights-abusers. Howard believes that with regard to unintended rights-abuse that is the consequence of historical conditions of underdevelopment or newness of national societies, the carrot approach is far more effective. Encouragement can be offered through Canadian aid to those making relative improvements. As John Holmes noted in testimony to the Special Joint Committee on Canada's International Relations, "You cannot simply order countries to behave....You have to cajole, persuade, do all sorts of things."¹²⁵ The use of sticks leaves very little room to manoeuvre on human rights policies and unlikely to obtain results since most deliberately rights abusive regimes are quite intransigent, and unlikely to modify their practices unless under severe internal or international pressure. As a small-perhaps "middle"-power Canada cannot exert such pressure, except perhaps in concert with other like-minded Western states.¹²⁶

Shue's third duty is to aid the victims of human rights abuses. This is the least problematic of the human rights duties, as it frequently involves emergency humanitarian assistance to

¹²⁵ Ibid., p. 358.

¹²⁶ Ibid., pp. 358-359.

people - especially women and children - perceived to be patently in need of help.¹²⁷

According to Cranford Pratt, "another cosmopolitan value that is now being championed with increasing vigour is respect for human rights. It, too, is as relevant to the developed countries as to the LDCs."¹²⁸ Canada recognizes the fundamentally political nature of all rights. In fact, even before the notion of an institute of human rights and democratic development was articulated, many of the initiatives taken by various agencies of the government with respect to non-material rights directly reflected as protection and empowerment rights. In the realm of protection rights, for example, CIDA has provided grants to assist in setting up ombudsman offices in Nigeria and Sri Lanka. The protection rights that CIDA proposes to stress in the future - the legal enshrinement of rights, legal assistance, assistance to families of detainees, and assistance to ombudsmen - in fact reflect measures that various Canadian agencies have been taken for some time.¹²⁹

The above examination shows that the liberal interdependence theory emphasizes the well-being of the South and the links between the South and the North. The fate of all countries is intertwined. And thus ODA is for mutual benefits to both the recipient and the donor.

¹²⁷ Ibid., p. 359.

¹²⁸ Pratt, Internationalism under Strain, p. 13.

¹²⁹ Howard, p. 367.

In summary, the above theoretical study shows that realism, Marxism and liberalism are three main schools of arguments in international politics. More specifically, on the issue of development assistance, the realist perspective argues that development assistance is for donor's national interests and serves as a means for power-politics in international relations. This perspective understands the international system to be one in which independent sovereign states are in constant competition for power and influence. In this formulation, the central goal of every state is the pursuit of its national interest and the maximization of its power.

The Marxist perspective argues that in theory development assistance should benefit the poor, but in fact development assistance is for the donor's self economic interests rather than for the interests of the recipient. Thus the Marxists condemn much of the past and present flow of aid as, at best, a sop to liberal consciences within the rich countries and, at worst, a means of preserving the economic subordination of the LDCs. Thus the Marxists want to see a radical change in ODA policy so that ODA will benefit the poor.

The liberal interdependence perspective has been critical to the concepts of both realist and Marxist perspectives. The liberal interdependence approach argues that mutual benefits, and the eventual harmonization of all relations are most important in the global political economy. And on the issue of development assistance, the liberal interdependence approach focuses on the

issue of mutually beneficial interests to both donor and recipient.

11. CRITIQUE OF THEORETICAL APPROACHES

The above study of the different perspectives in international politics shows that different perspectives have different arguments on the motives of development assistance in donor-recipient relations. From the different theoretical perspectives, we can see that the realist power-politics perspective mainly argues that Canada's ODA to China is primarily for Canada's national interests of power politics. The Marxist dependence perspective argues that Canada's ODA to China is solely for Canada's self economic interests or for the Chinese elite-class rather than for the interests of China or for the grassroots. Thirdly, the liberal interdependence perspective argues that Canada's ODA to China is mainly for the mutually beneficial interests to both Canada and China. In my research on the case of Canada's development assistance to China, I find that the realist and Marxist perspectives are inadequate in explaining the case. Instead, the liberal interdependence perspective fits well into this case study.

First, the realist power-politics perspective for national interests is not adequate in explaining the case of Canada's ODA to China. According to the theory, the realist power-politics perspective may have the following realist explanations on Canada's ODA to China. First, Canada's ODA to China is for the purpose of containing communism. Secondly, Canada's ODA to China is for the

purpose of world or regional stability and for influencing China in adopting favourable policy towards Canada. Thirdly, Canada's ODA to China is for pleasing the United States in its world strategy. Fourthly, the realists argue that the human rights issue is not important in Canada's ODA to China because the strategic issue of power-politics is more important in world politics. The following study will show why I think that the realist power-politics perspective and the Marxist class-interests perspective are not adequate in explaining the case of Canada's ODA to China and why I believe that the liberal interdependence perspective fits well into this case study.

First, one of the main arguments from the realist approach is that ODA is a means for containing communism. If Canada's ODA was for the purpose of containing communism, China herself is a communist country. And China was the first and only communist country that receives ODA from Canada. Or if ODA could serve as a means to contain communism, then why did not Canada offer ODA to the former USSR and the Eastern European countries during the years of the Cold War? And after the Cold War, Canada has kept offering ODA to China in spite of the fact that China was the largest remaining communist country in the world.

If the realist argument is true, the donor usually intends to offer official development assistance to the recipient in order to gain advantage in the global strategy of power politics. For example, US development assistance to Taiwan and South Korea in the 1950s and 60s were not just for the purpose of economic development

of those areas, but were part of military and political competition with the communists in the Cold War. In the case like this, the amount of ODA the donor offers is determined by the amount of interest the donor can expect in return or by the degree of importance of the recipients in the donor's global military or political strategy. In the decades of 1950s, 60s and 70s, Taiwan and South Korea received great amount of ODA and military aid from the USA and their economies developed rapidly. In return the US got military bases from the areas and strengthened its position in Asia as well as its global strategy against the Communist Bloc during the Cold War.

The realist perspective might be correct to argue that Canada's ODA to China is for the purposes of power-politics in the Cold War period. As Canada was allied with the US and other NATO countries and China was an important power in the strategic triangle, Canada's ODA to China may help to forge better Canada-China political relations. And a better political relationship between Canada and China may contribute to a stronger position of Canada and the West in the strategic triangle against the former USSR and the Eastern Bloc. However, in my research, I find that the realist perspective is not adequate to explain the above relationship. The main reason is that if Canada's ODA to China was for the objective of counter-balancing the former USSR in the Cold War period, we find it difficult for the realist perspective to explain why Canada started ODA programs in China as late as the early 1980s, and why the ODA programs to China continued and even

increased after the end of the Cold War by late 1980s.

Secondly, according to the realist perspective of power politics, country to country relations are coercive. And thus development assistance serves the donor's national strategic interests.

As Peter Wyse said, the use of aid to win influence led to the allocation of aid to recipients who were neither the most needy nor the most capable of using it effectively for development. Countries of general Canadian interest were not only those needing aid or able to use it effectively, but also others which Canada sought to influence.¹³⁰

Canada's ODA to China is not based on the realist philosophy that aims to formulate a coercive power-politics relationship with China. Instead, as stated in CIDA's 1992 Country Profile: China, the philosophy behind CIDA's China program is to build upon China's open door policy and its emphasis on modernization through technology transfer from the West. The CIDA program promotes the transfer of technology through human resource development to increase the skills, knowledge and productivity of the people.¹³¹ The Country Profile shows that Canada's ODA to China is based on the ideology of low politics of economic, social and technical issues, rather than high politics of political or military issues. In my research I have found that the relationship between Canada

¹³⁰ Wyse, p. 22.

¹³¹ CIDA, CIDA Programs in Asia - China, Asia Branch (Hull, Quebec, June 1992), p. 5.

and China is not a coercive one. Instead, China has been practising an independent foreign policy in relations with Canada as well as with other countries.

Thirdly, the realists argue that Canada's ODA to China is for pleasing the USA. As Pratt says, Canada was pressed by Britain and by the United States to share the burden of assistance to the newly independent countries of Asia and Africa. The initial purpose of aid was thus to promote economic development in order to contain the Soviet threat. To my knowledge, Canada offers ODA to China with no intention of pleasing the USA in the US world strategy. Instead, one important cause was the fact that Canada had enjoyed huge amount of trade surplus with China in the 1960s and 1970s. Thus in certain sense Canada's ODA to China is a sharing of dividends or profits. I will elaborate this point in Chapter IV when I talk about Canada's ODA to China and the mutual interests.

Fourthly, the realist perspectives hold the view that human rights is not an important issue in power-politics for national interests. As Kim Richard Nossal says, an ultra-realist conception of international politics, in its most extreme and brutal form rejects a legitimate role for human rights considerations in the formulation of foreign policy.¹³² However, in the case of Canada's ODA to China, the human rights issue is an important concern of the Canadians. And Canada believes that respects for human rights can be promoted in China in the process of economic development. This point will be further elaborated in Chapter V on Canada's ODA to

¹³² Nossal, p. 47.

China and human rights.

The above critique shows that the realist perspective is not adequate in explaining the case of Canada's ODA to China. As Krasner points out that partisans of an interdependence perspective maintain that this is a world that cannot be adequately understood by focusing on states and power. Economic failure for the South would have dire consequences for the North.¹³³

My second argument in this critique is that the Marxist perspective is also inadequate in explaining the case of Canada's ODA to China. First, one of the arguments of the Marxists is that Canada's development assistance to China is for Canada's one-sided commercial interests and it is playing a negative role in China's development process. For examples, the Marxists may argue that Canada enjoys a huge trade surplus with China. The percentage of tied aid is too high and there exists the problem of brain drain, etc.

Concerning trade surplus, the Marxists might argue that Canada has got great economic return through offering ODA to China. From 1981/82 to 1991/92, Canada offered an amount of CAN\$381.94 million ODA to China and during the same period, Canada enjoyed an amount of CAN\$7848.937 million trade surplus from China. In other words, Canada's ODA to China is only less than 4.75 percent of the trade surplus. Thus the Marxist perspective may conclude that Canada's ODA to China is for exploitation or is only for Canada's one-sided economic interests.

¹³³ Krasner, pp. 25-26.

The Marxist argument might be right on one side of the coin. But on the other side of the coin, we have to see that China has also benefited from Canada's ODA in China's development. Take the same example of trade, although Canada enjoyed huge amount of trade surplus with China, China's exports to Canada have been steadily increasing. Since 1989, China's trade with Canada has been almost balanced and in 1989 and in 1992, China even enjoyed trade surplus with Canada. In 1981, Canada's exports to China was CAN\$1017.55 million and imports from China was CAN\$220.013 million. Canada's total trade with China was CAN\$1237.563 million and Canada enjoyed a trade surplus of CAN\$797.537 million. But in 1992, China enjoyed a trade surplus of CAN\$194.076 million (See Appendices I and II). The above statistics shows that China's trade with Canada is growing rapidly, and the same is true of the development of the Chinese economy. This will be further elaborated in Chapter IV on Canada's ODA to China and the mutual benefits.

The Marxist perspective also argues that ODA exploits the recipient and thus ODA plays a negative role in the recipient country's economic development. This argument does not apply to the case of Canada's ODA to China either. Since Canada started ODA to China, China's economy has not been in negative growth, instead China's economy has been developing rapidly. It is true that Canada's ODA is not the only cause for the Chinese economic growth, but at least we can say that the contribution of Canada's ODA to China is not negative. In fact the Chinese economy in terms of growth rate of GNP and GNP per capita has been increasing year by

year. From the study in Chapters IV and V, we will see more specific examples of how Canada's ODA also benefits the Chinese people at the level of grassroots.

Regarding the problem of "Brain Drain", after the Tiananmen of June 1989, Canada's government offered humanitarian protection for Chinese students who participated in democratic demonstrations in Canada for support of the students' democratic movement of Tiananmen. And it is true that because of this policy, many of the Chinese trainees chose to stay in Canada during 1989 and 1990. However, we should also see that the majority of the Chinese trainees have returned to China since the beginning of Canada's ODA to China in 1982. These trainees are now using their newly acquired knowledge to serve their own country and are fulfilling the expectations of both Chinese and Canadian governments. They are also playing a role in strengthening the friendly relations between China and Canada.

Concerning the non-returnees, in my view, the several hundred trainees and the several thousand students have also been playing a role for the development of China as well as the friendship between China and Canada. Actually, instead of saying "brain drain", the Chinese officials are now saying that "every road leads to Rome". That is to say that the non-returnees can make contributions to China's development and China-Canada relations no matter where they choose to stay.¹³⁴ According to James Wong from

¹³⁴ Speech by leader of Chinese Delegation from State Educational Commission, Ottawa University, Summer 1993.

CIDA,¹³⁵

Is there a role for CIDA to establish an association for these several thousand students so they can maintain contact with each other in Canada, their units in China, and their families and colleagues in China? Most have a ten-year plan and want to return to China when the political and economic climate is appropriate. Considering that the best of China's students will have spent a number of years studying and working in Canada and will have a broad background in fields such as medicine, engineering, agriculture, government, academia, energy, law and political science, they will have substantial influence with Canada-China relations in the coming 20-40 years.

I share Wong's view on the issue of non-returnees. In fact, the influence of the non-returnees on Canada-China relations will not take as long as 20 to 40 years. Many of the non-returnees have now graduated from universities in Master's or Ph. D programs and are now working in Canadian companies, research institutes, or government bodies. They are contributing to the economic or political relations between Canada and China as a linkage for mutual trade or economic investment, technical transfer and even government to government relations. In Ottawa, for example, many Chinese non-returnees are now working in large companies and government bodies like Bell Northern Research, Bell Canada, Telesat, National Research Centre, Ottawa Civic Hospital, Bank Canada, Canada International Development Agency, Agriculture Canada, Department of External Affairs, the House of Commons, etc. Most of these non-returnees are now creating connections between

¹³⁵ James Wong, "Elements of Human Resource Development in China: Sustainable Relationships," A Review of Human Resource Development in China, Concept Papers on Various Aspects of HRD in China Commissioned by CIDA, (December 1991), p. 273.

Canada and China. For example, Bell Northern Research has large investment projects in China and the non-returnees are contributing to Canada's technical transfer and opening the huge Chinese market in telecommunications. Non-returnees in private companies are also contributing to trade and economic relations between Canada and China. Concerning government to government relations, the author of this thesis is the best example. The author has eight years work experience in the Chinese National People's Congress for inter-parliamentary relations and conferences of the Inter-Parliamentary Union. His great ambition is to gain more knowledge of international politics so that he will be able to contribute more to China's decision-making in foreign policy in the future. That is why the author has chosen to stay in Canada and has kept his study of political science all at his own expense. From May 1990 to May 1991, the author worked in the House of Commons and contributed to the re-establishment of the Canada-China Inter-Parliamentary Association in Canada's Parliament in 1990 and then in 1991 with his influence he contributed to the establishment of the China Canada Friendship Group in the Chinese National People's Congress. During the one year period he also made arrangements for the Chairman of the Canada-China Inter-Parliamentary Group to visit China and also for the visit to China by the delegation of the Canadian Inter-Parliamentary Group hosted by the China-Canada Friendship Group. The establishment of the Canada-China Inter-Parliamentary Friendship Groups in both Canada and China and the visits of the Canadian Parliamentary delegations to China have no

doubt contributed to the normalization of the Canada-China relations.

The examples of the non-returnees show that in appearance there exists the problem of brain drain for China, but in practice, China will sooner or later gain more benefits for her development from those non-returnees for their experience and technical know-how in modernization as well as their contributions for the everlasting friendship between Canada and China.

Secondly, the Marxists argue that Canada's development assistance to China is elite-oriented rather than mass-oriented. The Marxist argument does not apply well to the case of China. As we know, China is a socialist country with a dominant centre-planned economy and market regulation. It is easy to distinguish urban economy from rural economy, but since the start of the Chinese economic reform from the late 1970s, it is getting more and more difficult to have a clear concept of who belong to the elite or who belong to the grassroots in China. In terms of geographic, the urban people might be considered in general as elites, but in economic terms they might be poor with low incomes from the state. Whereas the rural people might belong to the grassroots geographically, but in economic terms many of them are already multi-millionaires. In terms of social position, public servants and professors may be considered as elites, but in terms of income, they may get a monthly pay as low as 30 Canadian dollars with an 8 hour work day and a 6 work day week. The Chinese premier can be a typical elite, but his present salary is 700 yuan (less than 100

U.S. dollars) a month which is less than half of the income of a taxi driver. In contrast, according to Jonathan Manthorpe's report,¹³⁶ "a young Chinese couple made 80,000 yuan (\$19,000) in two years at a free street market in Sichun." This example shows that in a country with an average per capita income of around \$400 a year, how shall we call the young couple, elite or grassroots? In fact, sayings like "as poor as a professor" or "as foolish as a Ph. D." are very popular in China today with more and more people interested only in making money.

The Chinese call it "jumping into the sea"- abandoning the safe beach of jobs in state-owned companies for the uncertainties of life as a free-swimming entrepreneur. But they are jumping in the millions, and for the most part making money.¹³⁷

However, the definition of the elite and the grassroots is not important in the case of Canada's ODA to China. From Chapters IV and V, we will see that Canada's ODA programs in China is not only urban-oriented, but also rural-oriented. The ODA projects include supports for China's Open Cities as well as Women in Development, China's Rehabilitation Project and the Potash Project in agriculture. In short, Canada's ODA to China is all-China oriented. Therefore I don't think it is proper to say that Canada's ODA to China is elite-oriented.

As Peter Wyse points out, in the mid 1970s, the Canadian government altered its approach to development. The government's

¹³⁶ Jonathan Manthorpe, "China's free-wheeling free markets," The Ottawa Citizen, (Ottawa, January 16, 1994), p. A 3.

¹³⁷ Ibid., p. A-3.

aid strategy white paper of 1975 confronted the issue of elite-oriented and mass-oriented option, characterized by policies designed to "maximize growth rates" and to "concentrate resources on the dynamic sectors of developing economies in order to stimulate increased aggregate output"; and the mass-oriented option, which needed policies intended "to avoid unbalanced growth" and to "focus upon a direct attack of the critical problems of the poor majority - nutrition, health, shelter, education, and employment."¹³⁸ The government chose the mass-oriented option.

The objective of the Canadian development assistance program is to support the efforts of the developing countries in fostering their economic growth and the evolution of their social systems in a way that will produce a wide distribution of benefits of development among the populations of these countries, enhance the quality of life and improve the capacity of all sectors of their population to participate in national development efforts. Canada will give highest priority to development projects and programs aimed at improving the living and working conditions of the least privileged sections of the population in recipient countries and at enabling these people to achieve a reasonable degree of self-reliance.¹³⁹

Thirdly, according to the Marxist perspective, human rights should be an important issue in Canada's ODA for the purpose to help the interests of the Chinese poor. And the Marxists criticize that Canada's ODA to China has been weak and ineffective in encouraging respects for human rights in China. From the examples like women in development and the project of rehabilitation in Chapter V, we will see that Canada's concern of human rights in

¹³⁸ CIDA., Canada's Aid Strategy, (Hull, 1975), p.9.

¹³⁹ Wyse, p. 23.

China does help the less fortunate people in China.

Another example of Canada's concern of China's human rights is the Tiananmen of June 1989. Canada took strong measures against China's violation of human rights after the Tiananmen. However, Canada continued its ODA to China both for not double punishing the Chinese people and for not losing the mutual economic interests. According to the liberal human rights theory, Canada believes that respect for human rights can be promoted in China with the process of development. Thus, cutting ODA to China would mean isolating China or cutting influence on the conditions of China's human rights and thus cutting the mutually beneficial interests as well. This liberal argument will be further illustrated in Chapter V on ODA and human rights.

Fourthly, the Marxists also argue that due to the many negative effects of Canada's ODA to China, there should be radical changes in Canada's ODA policy towards China so that China and the Chinese poor will benefit. The fact is that in the case of Canada's ODA to China, except for the issue of non-returnees after the end of 1989, China has been satisfied with Canada's ODA to China.

According to Mr. Shen Jueren, China's Assistant Minister for Foreign Economic Relations and Trade,

China is a developing country in the process of establishing the Four Modernizations. To realize this arduous and difficult task, we not only need financial support and equipment, but also require that specialists be trained in many fields. Although we basically rely on ourselves to supply this kind of training, some of it can only come from cooperation with other friendly countries. In this respect we are happy to see that the Canadian government has given us positive support; the Human Development Training Programme is proof of this. We are

delighted to see that the Human Development Training Programme not only helps disseminate knowledge and technical expertise, but also fosters better mutual understanding and friendship between our two peoples. I would like to take this opportunity to thank the Canadian government, to thank you personally, Madame Minister (Monique Landry), and to express our gratitude to those Canadians who did so much for our Chinese trainees.¹⁴⁰

The above shows that China is generally satisfied with Canada's ODA to China and there is no demand from China for a radical change of Canada's ODA policy towards China. In fact in the decision-making process regarding Canada's ODA projects to China, China has also a dominant "say". Therefore the Marxist argument is not a strong one in explaining the case of Canada's ODA to China.

This critique has shown that the realist and the Marxist perspectives both hold a one-sided view on the issue of Canada's development assistance to China. The realist argument emphasizes too much on Canada's political interest and neglects the development interests in China's economy. The Marxist argument emphasizes too much on Canada's one-sided economic interests and fails to see the positive role of Canada's development assistance in China's development. Thus either the realist perspective or the Marxist perspective is inadequate in explaining the case of Canada's ODA to China. This has led me to the adoption of the liberal interdependence approach in my research. According to this approach, Canada's ODA functions as a means of achieving mutual interests to both Canada and China. In the following chapters, I

¹⁴⁰ World University Service of Canada, Qiao, Alumni Bulletin for Trainees and Graduates of the China-Canada Human Development Training Programme, No. 1, (Ottawa, 1988), pp. 2-3.

will focus on the analysis of some specific issue areas with the liberal interdependence approach. First, Canada's ODA policy towards China is based on the liberal interdependence theory for the objective of mutual interests. Secondly, Canada's ODA benefits both China's development and Canada's economic interests. Thirdly, Canada's ODA to China is linked with concern of human rights in China. Meanwhile, Canada's ODA plays a role in the establishment of friendly relations between Canada and China. With the following analysis, I will show that Canada's ODA to China benefits both donor and recipient.

CHAPTER III: CANADA-CHINA RELATIONS AND CANADA'S ODA POLICY TOWARDS CHINA

This chapter will discuss how liberal interdependence theory is applied to the case of Canada's development assistance policy towards China. I will first examine the background of Canada-China relations. Then I will study the Canadian development assistance policy towards China. From this chapter we will see that Canada's relations with the People's Republic China is based on the liberal paradigm for interdependence or for mutually beneficial interests rather than on the realist paradigm for Canada's strategic interests in power-politics or on the Marxist paradigm for Canada's one-sided economic interests.

1. CANADA-CHINA RELATIONS - AN OVERVIEW

Canada-China relations can be traced back to about 100 years ago. The earliest contacts include the missionaries, the merchants and later Dr. Norman Bethune.

Canadian missionaries provided Canada's earliest contacts with China in the late 19th century. Canadian missionary work in China began in late 1800s and continued till 1949. The missionaries were seen as representatives of imperialism by the Chinese.¹⁴¹ According to Peter M. Mitchell,

From the late 1880s through much of the early twentieth

¹⁴¹ Department of External Affairs, Canada/China Relations (Ottawa, September 1983), p. 1.

century, the Canadian missionary community in China was Canada's most organized overseas presence with the exception of wartime military expeditions. In numbers involved, levels of contact, continual commitment, and scope of impact, this 'missionary enterprise' merits considerable attention in any study of Canada's relations with China. Catholic and Protestant, mainline and pentecostal, fundamentalist and social reformist, their numbers signalled a distinctive place for China in the Canadian outlook for many decades.¹⁴²

Mitchell also points out that many Chinese benefited from the training provided by Canadian missionaries in hospitals and universities in China, and the majority in later years were not practising Christians. This suggests an impact far beyond the simplistic dismissal often accorded mission influences under the logic of cultural imperialism.¹⁴³

Apart from the missionary contacts, Canadian merchants also provided the earliest contacts with China. In 1906 the Canadian government opened a Commercial Office in Shanghai. Although a Chinese Consulate General was established in Ottawa, with offices in Vancouver, Toronto and Winnipeg, prior to 1909, an ambassadorial exchange was not agreed upon until 1941. It was not until April 1943 that a Canadian legation was established in China.¹⁴⁴

After 1949, when the Chinese People's Liberation Army defeated the Chinese Nationalist Army and entered Nanjing, the capital of

¹⁴² Peter M. Mitchell, "The Missionary Connection," in Paul M. Evans and B. Michael Frolic, eds. Reluctant Adversaries, Canada and the People's Republic of China, 1949-1970 (Toronto: University of Toronto Press, 1991), p. 17.

¹⁴³ Ibid., p. 32.

¹⁴⁴ Department of External Affairs, Canada/China Relations, p.1.

the Nationalist Government, the Canadian Embassy in Nanjing closed in 1951 and the Canadian Consulate in Shanghai in 1952. This marked the end of Canada's old relationship with China.

When we study Canada's relations with China (P.R.C), we should not forget that Dr. Norman Bethune has formed a continuing link between Canada and China. From January 1938 to November 1939, Bethune, provided important medical services to the Chinese Eighth Route Army (the precursor of today's People's Liberation Army) in China's War of Resistance against Japan. Bethune died in China during the War in 1939 after contacting blood poisoning while performing an operation. Mao Tse-tung, leader of the Chinese Communist Party sincerely appreciated Bethune's "spirit of selflessness and proletarian internationalism" and wrote "In Memory of Norman Bethune" in eulogy to Bethune.¹⁴⁵ This article was later one of the "three most commonly read articles" in China during the Great Cultural Revolution from 1966 to 1976. Consequently, Bethune has become one of the best-known non-Chinese historical figures in China and thus Canada is widely known in China as the hometown of Norman Bethune. Even today, when Chinese see Canadians in China, they never fail to mention his name. Obviously, Bethune provided a significant link between the Canadians and the Chinese. As Klaus Mehnert remarked: "except for...Marx, Engels, Lenin and Stalin, only one man from the Western world is mentioned often and with respect in China. This is the

¹⁴⁵ Mao Tse-tung, "In Memory of Norman Bethune," Selected Works of Mao Tse-tung, III (Peking: Foreign Languages Press, 1965), pp.337-338.

Canadian Communist Norman Bethune."¹⁴⁶

Contemporary official relations between Canada and China were resumed on October 13, 1970 when the governments of Canada and the People's Republic of China issued a joint communique announcing their mutual recognition and the establishment of diplomatic relations.

The origin of the events leading up to Canadian recognition of China can be traced to the early 1960s. Canada had declined to participate in the U.S. led commercial embargo of mainland China, and a trickle of trade had been maintained through the Canadian commercial office in Hong Kong on a cash basis. Then in 1961, China made the largest purchase of grain in Canadian history. Overnight the Chinese became Canada's second best customer for a product which Canada had in serious over-supply. The Canadian Minister of Agriculture, Alvin Hamilton, flew to Hong Kong to sign the deal, and emerged from the experience an advocate of closer relations with, if not outright recognition of, the People's Republic. Prime Minister Diefenbaker, long an outstanding foe of Communism, declared that "there should be trade with Communist countries. There is no other way in which you can break down the walls of separation and suspicion."¹⁴⁷

Pierre Trudeau had been keenly interested in recognizing Beijing as the rightful Government of China. Once he was in office,

¹⁴⁶ Klaus Mehnert, China Returns (New York: E. P. Dutton, 1972), p. 44.

¹⁴⁷ D. C. Thomson, Canadian Foreign Policy: Options and Perspectives (McGraw-Hill Ryerson Limited, 1971), p. 112.

the Department of External Affairs lost no time in initiating the appropriate negotiations. In his policy statement as Prime Minister, he declared that in keeping with Canada's long-time advocacy of "a positive approach to mainland China and its inclusion in the world community... our aim will be to recognize the People's Republic of China Government as soon as possible and to enable that Government to occupy the seat of China in the United Nations, taking into account that there is a separate government in Taiwan."¹⁴⁸

The negotiations between the Canadian Government and China were conducted in Stockholm where both countries had Embassies, and lasted from early 1969 to late 1970. On October 13, 1970, Canada declared to establish formal relations with the People's Republic of China.

Shortly following the establishment of Canada-China relations, Canada took the hitherto unprecedented step of voting, in the United Nations, for the seating of the People's Republic of China at the UN.¹⁴⁹

According to the neo-Marxist dependency theorists, Canada just follows the United States in foreign policy. Yet on the issue of establishing diplomatic relations, Canada took an independent stance. As Paul M. Evans has explained,

The instruments and extent of American involvement in the economies of the allies varied considerably, but calculations of Washington's diplomatic and economic

¹⁴⁸ Ibid., p. 113.

¹⁴⁹ Kelleher, p. 10.

response were fundamental and abiding concerns. This sensitivity to Washington was amplified by the widespread acknowledgment of the passion and near unanimity of American hostility towards Communist China in the period between the Korean War and the mid-1960s. Even when Canadian officials disagreed with American attitudes and actions, they could not ignore them. On the other hand the reasons for Canadian inaction were complex and cannot be attributed simply to American interference. For better or worse, Canadian China policy was indeed made in Canada.¹⁵⁰

Since the establishment of the diplomatic relations, relations between Canada and China have been characterized by important economic cooperation and regular bilateral high level visits. On going exchanges between the two countries have been taking place in the areas of foreign affairs, trade, development assistance, communications energy, agriculture, justice, health, etc. Over the years, visits by provincial premiers and ministers have enhanced bilateral relations and today, several Canadian cities and provinces are twined with Chinese counterparts. According to Jeremy T. Paltiel,¹⁵¹

Canada had cultivated what it declared to be a "special relationship" with China from the time when, at the end of the cultural revolution, Prime Minister Trudeau established diplomatic relations with the People's Republic. Both Liberal and Conservative governments fostered friendly relations with China - the former originally viewing this policy as a showpiece of independent Canadian diplomacy, and the latter seeing it as part of an aggressive attempt to pursue economic opportunities as part of the coming "Pacific Century."

¹⁵⁰ Paul M. Evans, "Introduction: Solving Our Cold War China Problem," in Paul M. Evans and B. Micheal Frolic, eds. Reluctant Adversaries, p. 6.

¹⁵¹ Jeremy T. Paltiel, "Rude Awakening: Canada and China Following Tiananmen," in Fen Osler Hampson and Christopher J. Maule, eds. Canada among Nations 1989 (Ottawa: Carleton University Press, 1989), p. 43.

Both these policies were supported by a substantial domestic consensus.¹⁵²

Since the establishment of diplomatic relations, Canada-China bilateral trade and economic relations have also developed rapidly. Under the trade agreement signed in 1973 (and extended every three year since), Canada and China has granted each other Most-favoured-Nation trading status. Commercial relations with China are facilitated by the Canada-China Joint Trade Committee (JTC), which meets alternatively in Ottawa and Beijing.

Canada and China have also signed a number of Memoranda of Understandings (MOUs) in sectors such as agriculture, forestry, telecommunications, and ferrous and non-ferrous minerals and metals, with the objective of encouraging technological exchanges in these areas. Large numbers of commercial delegations are also exchanged.

Canada enjoys a healthy trading relationship with China. Built on a foundation of wheat sales, two-way trade has grown substantially through since the 1970s. Wheat, fertilizer, wood pulp and other traditional commodities continue to be Canada's main exports to China, although manufactured goods have registered an increase. China's import and infrastructure requirements generally correspond to Canada's prime export strengths in areas such as power generation, telecommunications, petrochemicals, transportation, and agricultural products and technology.

China also enjoys a healthy trading relationship with Canada.

¹⁵² Ibid., p. 43.

Textiles account for the largest share of Canada's imports from China, and while many items in this category are under restraints, China has in recent years experienced the largest growth in volume of clothing exports to Canada of any supplying country. Other major import items include light industrial products such as toys and sports equipment, leather goods, and footwear.

Friendly relations and economic cooperation further expanded after China's embarkment on an "open door" policy in the late 1970s which created new trade and investment opportunities for foreign partners. In the late 1970s, the Chinese government under Deng Xiaoping, launched a series of reforms to reverse the legacy of Mao Tsetung's Cultural Revolution, which had left the economy in a closed, technologically backward, and stagnant state. Deng's dictum: "it doesn't matter whether it's a white cat or a black cat, as long as it catches mice,"¹⁵³ epitomized the changes, which included the four modernizations (agriculture, industry, science and technology, and defense), and opened China's economy to the West. Some of the changes that have had a positive impact on the GNP are: the shift in investment from heavy industry to consumer goods; the decentralization of economic decision making; the establishment of special economic zones (areas developed specifically to encourage international investment and trade), and the opening up of the economy to trade, aid, and technology transfer. The most important economic measure is the production responsibility system, whereby the production units (individuals,

¹⁵³ Kelleher, p. 10.

2

MICROCOPY RESOLUTION TEST CHART
NATIONAL BUREAU OF STANDARDS
STANDARD REFERENCE MATERIAL 1010a
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families or communes) are allowed to keep the surpluses left after fulfilling their production quotas. The expansion of the role of the market in resource allocation and production, the liberalization of the external sector, the devolution of decision making authority, material incentives, the establishment of special economic zones, and the open cities have been enthusiastically embraced by enterprises and have resulted in a rapid expansion of commercial activities in China. The Canadian government's primary trade and industrial development objectives for China target these opportunities, aiming to increase the export of manufactured goods and services, and to protect and expand Canada's market of resource products.

Because of China's huge market and liberalization policies, China was seen by Canadians as one of the few Less Developed Countries (LDCs) with the potential for genuine commercial deals. In 1979, the governments of Canada and China signed a protocol on economic co-operation, in order to: expand the scope of economic co-operation; promote increased levels of trade in goods and technical services; and encourage co-production and co-marketing, compensatory trade, joint ventures, provision of services and constructions works, and other suitable arrangements between enterprises or organizations of the two countries.¹⁵⁴

However, the growing political and economic relationship was overshadowed by the Tiananmen Crackdown in June 1989. In June 1989,

¹⁵⁴ Department of External Affairs, Canada-China Relations (Ottawa, September 1983), p. 3.

Canadians were deeply shocked by the tragic end to the demonstrations in Beijing's Tiananmen Square. The military crackdown in China, resulting in heavy civilian casualties, and the subsequent campaign of repression have strained Sino-Canadian relations and, as a result, Canada adjusted its policies towards China.

Canada recalled the Canadian ambassador to express the country's horror at the massacre. The Canadian policy announced on June 30, 1989 by Joe Clark, Secretary of State for External Affairs, involved: suspension of high-level contacts; suspension of nuclear cooperation consultations; suspension of military cooperation; sympathetic assistance to Chinese students in Canada (special arrangements terminated October 19, 1990); postponement of the signing of several new development assistance agreements, and continuation of Official Development Assistance and export credit in accordance with new criteria."¹⁵⁵ As Paltiel points out:

Clark developed a policy line which distinguished between relations with the Chinese government on the one hand, and "people to people" relations on the other. He expressed concern that China not be isolated and pledged to work together with other countries to maximize the effect of the sanctions on China. Specific measures taken by the Canadian government included cancellation of agreements to provide help for a television transmission facility, the co-production agreement between the CBC and Radio Beijing, and a program to train Chinese civil servants.¹⁵⁶

However, the Canadian government made it clear, in the

¹⁵⁵ Department of External Affairs, "China and Canada: The Months Ahead," (Ottawa, June 30, 1990), p. 1.

¹⁵⁶ Paltiel, p. 50.

adjustment of its China policy following Tiananmen, that Canada's economic relationship with China served the interests of the Chinese populace, as well as the Canadian people, and that linkages must be preserved to avoid isolating China.

Not long after Tiananmen, Canada started to take a step-by-step approach to fully restoring its overall relationship with China. And China was eager to normalize relations with Canada as well. Senator James F. Kelleher stated in late 1991:

I have just returned from a two-week trip to Hong Kong, China and Thailand, and I can tell you that the Chinese officials with whom I spoke are most anxious that our relationship be restored to normal as quickly as possible. My discussions with officials in Ottawa lead me to believe that this should occur in the first half of 1992. What are the prospects for the future? I believe they are good because our trading relationship has been built on a solid foundation of mutual trust and understanding, and because China's import and infrastructure requirements generally correspond to Canada's prime export strengths.¹⁵⁷

In July, 1990, Canada sent a Under-Secretary of State for External Affairs to Beijing at events commemorating the 20th anniversary of diplomatic relations between Canada and China. In November, 1990, an all party delegation of Members of Parliament visited China to gather information on the current political and economic situation in China."¹⁵⁸ By late 1991, Canada's Minister of Agriculture Department visited China and discussed trade issues with the Chinese leaders. In March, 1993, the Canadian Constitutional Minister, Joe Clark (former Minister of External

¹⁵⁷ Kelleher, p. 13.

¹⁵⁸ House of Commons, "Report on the 85th Inter-Parliamentary Conference," (Ottawa, 29 April - 4 May 1991), p. 37.

Affairs), paid an official visit to China. Closely after that, from May 17 to 23, 1993, Chinese leading Vice-Premier Zhu Rongji paid an official visit to Canada. Mr. Zhu's visit to Canada symbolizes an overall normalization of Canada-China relations.¹⁵⁹

On May 17, 1993, Canada's Prime Minister, Brian Mulroney met with the visiting Chinese Vice Premier, Mr. Zhu Rongji and announced that Zhu's visit is an important symbol of the overall normalization of the Canada-China relations.¹⁶⁰ On May 19, 1993, Mr. Michael Wilson, Minister of Industry and Minister of International Trade, met with Zhu Rongji and said that Canada will extend China's Most-Favoured Trading Nation status with no conditions.¹⁶¹ On May 18, 1993, Canada's Governor General (Ray Hnatyshyn) met with Zhu Rongji and said,

For 22 years since the establishment of diplomatic relations, Canada-China relations have been in rapid development. Now China has been Canada's 5th largest trade partner. The friendship between Canada and China is for the fundamental benefits of the peoples of both countries. It is also for the benefits of peace, stability and economic development of the Asian-Pacific region.¹⁶²

According to Dave Todd, correspondent of The Ottawa

¹⁵⁹ "Overall Normalization of Canada-China Relations," People's Daily, Overseas Edition (Beijing, May 19, 1993), p. 6.

¹⁶⁰ "Canada's Governor General Met with Zhu Rongji," People's Daily, Overseas Edition (Beijing, May 20, 1993), p. 6.

¹⁶¹ "Continuing China's Most-favoured Nation Status," People's Daily, Overseas Edition (Beijing, May 21, 1993), p. 6.

¹⁶² "Canada's Governor General Met with Zhu Rongji," People's Daily, Overseas Edition (Beijing, May 20, 1993), p. 6.

Citizen,¹⁶³ Prime Minister Jean Chretien will visit Beijing in the fall of 1994. Chretien's trip, set for November, will be preceded in early May by high-profile trade mission led by Governor General Ray Hnatyshyn. The intensely business-oriented agenda of both the Chretien and Hnatyshyn missions reflects growing concern in official circles that Canada risks missing out on lucrative commercial opportunities in the world's hottest economy. As Jeremy Paltiel said that five years after Tiananmen, the Canadian government's policy has shifted away from sanctions towards engagement, but engagement including the issue of human rights. China has had the fastest-growing economy in the world in the last couple of years (about 12 per cent annually) and nobody wants to miss the boat.¹⁶⁴

The above is a brief examination of the background of Canada China friendship. The examination shows that the Canada-China relations are characterized by mutually beneficial political and economic relations rather than coercive power or one-sided economic interests. This background study will be helpful in the following case study of Canada's ODA policy towards China and the mutually beneficial interests to both countries.

11. CANADA'S DEVELOPMENT ASSISTANCE POLICY TOWARDS CHINA

¹⁶³ Dave Todd, "PM set to boost ties with China," The Ottawa Citizen (Ottawa, March 16, 1994), p. A-1.

¹⁶⁴ Ibid., p. A-1.

In this part I will discuss Canada's development assistance policy towards China. First I will examine the possible reason for the delay of Canada's ODA to China. Secondly I will discuss the causes for Canada to offer ODA to China. And thirdly, I will study the motives of Canada's development assistance policy towards China.

Canada and China established diplomatic relations on October 13, 1970. However, in the first decade of official interactions between Canada and China, development assistance activities were not included. Instead, there were exchange programmes, organized both through official channels and directly by participating institutions, in the areas of science and technology, medicine, culture and sport, and education, as well as a variety of trade activities. By 1981, however, the government of Canada added China to the list of countries deemed eligible for development assistance, and CIDA's programme was established.¹⁶⁵

There must be many reasons for Canada to start ODA program in China so late. I believe that one of the main reasons was that before the end of the 1970s, China's foreign policy behaviour was characterized by self-reliance. According to Samuel S. Kim,¹⁶⁶ Self-reliant behaviour follows the general, flexible principle of maximal self-realization. The logic of a self-reliant foreign policy stresses the maximization of international autocentric

¹⁶⁵ Kelleher, p. 11.

¹⁶⁶ Samuel S. Kim, "Chinese Foreign Policy Behaviour," in Samuel S. Kim, ed. China and the World, Chinese Foreign Policy in the Post-Mao Era (Boulder and London: Westview Press, 1984), p. 13.

that Canada and China established diplomatic relations and for the next few years, China was still carrying out a closed-door or self-reliant foreign policy. From the mid 1960s to the mid of 1970s, China was in the 10 years turmoil of the Great Cultural Revolution. During that period, China strongly believed that socialism was superior than capitalism. Thus a socialist country should be against anything from the capitalist or imperialist countries. For example, on the issue of training young people, it was impossible for China to send students to western countries to study at that time. According to Mao Tsetung,¹⁷²

In order to guarantee that our Party and country do not change their colour, we must not only have correct policies but must train and bring up millions of successors who will carry on the cause of proletarian revolution. Basing themselves on the changes in the Soviet Union, the imperialist prophets are pinning their hopes of "peaceful evolution" on the third or fourth generation of the Chinese Party. We must shatter these imperialist prophecies. From our highest organizations down to the grass-roots, we must everywhere give constant attention to the training and upbringing of successors to the revolutionary cause.

From Mao's concern about imperialist peaceful evolution on China's successors to the proletarian revolution, it was impossible for China to send young professionals to receive training in Canada or in other capitalist countries.

During the years before the end of the 1970s, even if Canada or any other western countries would have tried to offer ODA to China, China could have rejected it. One typical example is that in

¹⁷² Mao Tsetung, Quotations from Chairman Mao Tsetung (Beijing: Foreign Languages Press, 1972), p. 276.

development, the minimization of external dependency, and the long-term transformation of the capitalist world economy. Kim said,

Diplomatic and promotional instruments are more salient than military and economic instruments in a self-reliant foreign policy. Foreign trade is carried out as a necessary balancing factor in the development process--largely to eliminate certain sectoral weaknesses, and foreign debts are consciously avoided or minimized by balancing imports and exports and by rejecting foreign borrowing. The foreign policy of China during the periods 1963 to 1965 and 1969 to 1977 is suggestive of this behaviour model.¹⁶⁷

William Feeney¹⁶⁸ also said that the roots of Maoist self-reliance can be found in a variety of Chinese traditions and experiences. These include:

1. The Sinocentric aspiration for political and economic independence; 2. the ancient conceptualization of China as the Middle Kingdom surrounded by a world of uncivilized and rapacious barbarians; 3. the modern legacy of depredation, exploitation, and national humiliation at the hands of foreigners from the Opium War to World War II; 4. the extreme adversities experienced by the Chinese Communist revolutionaries during the struggles of the 1930s and 1940s against the Nationalists and the Japanese, which inspired a survival strategy based upon decentralized resources and production; 5. the adverse Chinese experience with close economic ties and dependency on the Soviet Union during much of the 1950s; and 6. Maoist theory.

Feeney explains that derived largely from the experience described, Maoist theory stressed the need for balanced growth through local initiative, mass participation, and primary reliance on China's human, material, and capital resources. It denied any

¹⁶⁷ Ibid., p. 13.

¹⁶⁸ William Feeney, "Chinese Policy in Multilateral Financial Institutions," in Samuel S. Kim, ed. China and the World. Chinese Foreign Policy in the Post-Mao Era (Boulder and London: Westview Press, 1984), p. 267.

meaningful role to foreign economic assistance and trade in China's economic development process, and rejected both Western and Soviet economic foreign trade theories, which stressed the concepts of the international division of labour and comparative advantage. In Mao's view, if Western theory enabled the advanced capitalist states to perpetuate their domination of the world economy and exploitation of the Third World, the Soviet approach risked permanent Chinese trade and security dependency within the Soviet-dominated Council of Mutual Economic Assistance. Rather, China's interests could be safeguarded best through the formation of an anti-imperialist united front based upon closer economic ties with the Third World and following the principles of proletarian internationalism, equality, and mutual benefits.¹⁶⁹ According to Chiao Guanhua's speech at the U.N. Assembly,¹⁷⁰

We hold that, in order to change the backward state of their economy, the developing countries should first of all rely on themselves; that is, they should rely on their own efforts and take foreign aid as an auxiliary.¹⁷¹

With the dominant foreign policy of self-reliance, China held the Marxist view that development assistance from capitalist countries is for exploitation or for capitalist influence against communism. In the Chinese proverb, "the weasel goes to pay his respects to the hen - not with the best of intentions". At the time

¹⁶⁹ Ibid., pp. 267-268.

¹⁷⁰ Guanhua Chiao, "Speech at the General Assembly of the United Nations," 2051st Plenary Meeting, (New York, 3 October 1972), p. 16.

¹⁷¹ Ibid., pp. 16-17.

1976, China's big cities of Tangshan and Tianjin suffered a damaging earthquake with 7.8 degrees. Many of the people died and most of the buildings collapsed. After that happened, many western countries and international organizations such as the United Nations and the International Red Cross Committee expressed intentions to offer aid to China, but the Chinese government rejected all the offers for the reason that China did not want to have foreign involvement in the Chinese domestic relief efforts.

In fact, instead of receiving ODA from Canada or other Western countries, China's government was tightening the belts of her own people and was offering aid to many other countries. In the early 60s China had a natural disaster. As there was a shortage of food, many rural people had to eat wild herbs and tree leaves or barks and many urban people could only buy Chinese medicine as substitution of food from drug-stores. There are no statistics to show how many people died of hunger at that time. Even so, China was still paying national debt to the USSR and at the same time offering aid to other countries. As John Franklin Copper said,

Foreign aid is another means that Mao employed to gain the status of world power. He embarked on a foreign aid program officially in 1953 and, since then, has used foreign economic assistance as an important tool of diplomacy. China found diplomatic recognition difficult to attain in an arena of world politics dominated by a United States' effort, and later a Soviet effort as well, to keep China isolated. A little aid often paved the way for better relations, including eventually diplomatic recognition.¹⁷³

The above is the main reason for Canada's delay in offering

¹⁷³ John Franklin Copper, China's Foreign Aid, An Instrument of Peking's Foreign Policy (Lexington Books, USA, 1976), pp. xi-xii.

ODA to China. Concerning the possible causes for the start of Canada's ODA to China, there are mainly three of them.

First, after the death of Mao Zedong (1976), China's leader Deng Xiaoping started a series of ambitious reforms. In December 1978 the historic Third Plenum of the Eleventh Party Central Committee declared that the main focus of the Party's work should shift from class struggle to the Four Modernizations.

Since 1979, Chinese leaders under Deng Xiaoping have repudiated Mao's campaign-style politics and initiated significant reforms in both economic and political spheres. The reforms were intended to rebuild China's agricultural and industrial economies, particularly through such innovations as the market mechanisms and the open-door policy. According to Samuel S. Kim,¹⁷⁴

Closely related to the Chinese reformulation of the New International Economic Order (NIEO) in terms of collective self-reliance is a shift in Chinese Third World policy from foreign aid to mutual economic and technological cooperation. As late as September 1981, China claimed it was adhering to the Eight Principles for China's Aid to Foreign Countries first put forth by premier Zhuo Enlai during his African tour in 1964.¹⁷⁵ Most of the Eight Principles express China's egalitarian norms in foreign economic relations -- respect for recipient's sovereignty, united aid, and denial of any special amenities for China's foreign aid personnel abroad. During Premier Zhao Ziyang's eleven-nation African tour in January 1983, however, the Eight Principles were reduced and revised as the Four Principles of Sino-African Economic and Technological Cooperation: equality and mutual benefits; emphasis on practical results; diversity in form; and common development. This papered over the growing disjuncture between theory and practice that resulted from China's sudden and dramatic U-turn from an aid-giving to an aid-

¹⁷⁴ Kim, p. 188.

¹⁷⁵ Beijing Review, No. 38 (Beijing, September 21, 1981), p. 4.

seeking state in 1978.¹⁷⁶

Secondly, coinciding with what was happening in China, Canada's ODA policy was shifting from being primarily political to the emphasis of pursuing economic interests as well. In 1976 a new CIDA president, Michel Dupuy, was appointed. At about the same time, a new interdepartmental group, the Canadian Development Assistance Board, was created as CIDA's highest policy-making body. According to Cranford Pratt, in marked contrast to their predecessors, Dupuy and his successors, Marcel Masse and Margaret Catley-Carlson, were very much bureaucratic insiders. Dupuy's initial instruction underlined that he should work co-operatively with the other major departments in shaping CIDA policies. His initial internal policy memorandum summoned CIDA to emphasize projects that would bring economic benefits to Canada.¹⁷⁷ As Senator James F. Kelleher said,

Through the 1970s and 1980s, Canadian public opinion was largely in favour of improving relations with China, because of the perceived economic benefits, as well as the political importance of keeping the lines of communication open and encouraging China to adopt peaceful policies. It was recognized that China was a major power with which it was best to be on good terms, and that it would be clearly in Canada's best interest to build up mutual goodwill and to encourage a more open, pro-Western and peaceful tendency in Chinese policy-making. A successful aid programme was perceived by Canadians as something that would help China in its modernization, and therefore, something that could contribute a tool to strengthening a positive relationship between Canada and China.¹⁷⁸

¹⁷⁶ Kim, p. 188.

¹⁷⁷ Pratt, p. 40.

¹⁷⁸ Kelleher, p. 11.

According to the liberal interdependence perspective, Canada's ODA to China is for mutually beneficial interests. As China embarked on the open-door liberalization policy for the four modernizations, Canada perceived the huge market and potential investment opportunities or commercial deals in China. China's shift in economic policies to a more pro-market stance was crucial in the Canadian decision to extend aid to China.

Thirdly, due to the policy changes both in China and in Canada, China requires foreign aid in order to complement the four modernizations and Canada also has the needs of the Chinese market for more sustainable economic interests as well.

One important factor that made the Canadian ODA program in China possible is the sharing of dividends from Canada's huge trade surplus from traditional balance of trade with China. Since Canada started wheat-sale to China in the early 1960s, Canada had enjoyed huge trade surplus from China year by year. This is clearly shown in Table III.

Table III.

CHINA'S TRADE DIFFERENTIALS WITH CANADA FROM 1959 TO 1982¹⁷⁹

(IN MILLIONS OF CANADIAN DOLLARS)

YEAR	EXPORTS	IMPORTS	DIFFERENTIALS
1959	4.84	1.72	3.12
1960	5.64	8.74	-3.10
1961	3.23	122.84	-119.61
1962	4.52	147.44	-142.92
1963	5.12	104.74	-99.59
1964	3.37	136.26	-132.89
1965	14.44	105.13	-110.68
1966	20.59	184.88	-165.28
1967	25.07	91.31	-66.23
1968	23.44	163.24	-139.80
1969	27.42	122.42	-95.00
1970	20.43	141.99	-121.56
1971	33.30	204.05	-170.75
1972	48.38	260.68	-212.30
1973	52.90	272.29	-219.39
1974	61.35	437.95	-376.66
1975	56.33	376.42	-320.09
1976	88.37	195.94	-107.57
1977	82.15	369.15	-287.00
1978	94.00	503.43	-408.83
1979	167.45	596.11	-428.66
1980	154.91	866.42	-711.51
1981	220.01	1004.82	-784.81
1982	203.65	1229.45	-1025.80

According to Zhao Deyan, in the 21-year period between 1960 and 1981, deficits on the Chinese side appeared annually, continuously increasing in size. The long-existing and continually increasing deficit in China's trade with Canada, actually weakens Chinese import capacity and restricts the expansion of Canadian exports to China. It would eventually form a barrier blocking

¹⁷⁹ Zhao Deyan, Department of Economics of Wuhan University in China, "Economic and Trade Relations between Canada and China," Paper Presented as Part of the Canada and the Pacific Programme Funded by the Donner Canadian Foundation (1985), pp. 8-9.

progress in Chinese-Canadian trade, and thus could not fail to cause concern.¹⁸⁰

Thus several people concerned with the healthy development of Chinese-Canadian trade had made repeated appeals that the problem be understood and taken seriously in Canada, and that attempts be made to resolve it. Mr. W. I. Coleman, Executive Director of the Canada-China Trade Council pointed out:

We must appreciate China's concern over the persistent grossly imbalanced trade between our two countries. Our efforts to narrow the trade gap will help persuade the Chinese that we also believe trade to be a two-way street and will enhance the stature of Canadian products and service in China's highly competitive markets.¹⁸¹

John Curtis of the Institute for Research on Public Policy has similarly argued that "the main limiting factor in Canada-China trade is Canada's trade surplus with China. Mechanisms to reduce the imbalance must be considered."¹⁸²

Coinciding with the Chinese economic reforms and the open-door policy, Canada perceived the great potential of the Chinese market and agreed to use part of the trade surplus money to start a development assistance program in China.

With the above discussion on the reasons or causes of Canada's development assistance to China, let's examine the content of Canadian development assistance policy towards China.

Canada's development assistance policy towards China aims at

¹⁸⁰ Ibid., p. 9.

¹⁸¹ Ibid., p. 12.

¹⁸² Ibid., p. 12.

achieving mutually beneficial impacts. This policy is mainly characterized by the liberal interdependence paradigm although there are challenges from the realist or the Marxist approaches. The realist power-politics perspective might argue that the objective of Canada's ODA to China was for Canada's political interest in containing communism or for global and regional peace and security. And the Marxist dependence perspective might argue that the Canadian ODA is for Canada's own economic interests or for exploiting China. In Chapter II, I have discussed the different perspectives and argued that the realist and Marxist approaches are not adequate in explaining this case of Canada's ODA to China. The following study will further prove that Canada's ODA policy towards China provides mutual benefit.

According to the liberal interdependence perspective, Canada's ODA policy towards China is designed to benefit both China and Canada. From the content of Canada's ODA policy towards China, we can see that this does indeed serve both China's economic development and Canada's economic interests.

As a 1983 document from the Department of External Affairs of Canada says, "the prospects for future cooperation in trade, political, cultural and other fields are promising as both sides (Canada and China) work to expand relations on a basis of mutual respect and benefits."¹⁸³

The philosophy behind Canada's China Program of development

¹⁸³ Department of External Affairs, Canada, Canada/China Relations (Ottawa, September 1983), p. 9.

assistance is to build upon China's open door policy and its emphasis on modernization through technology transfer from the West. The CIDA program promotes the transfer of technology through human resource development (HRD) to increase the skills, knowledge and productivity of the people. CIDA's main goals and objectives are as follows:

- Through transfer of technology, to assist China to develop its human resources in key areas of development with agriculture, forestry, energy and transportation as the major sectors of concentration;
- Provide assistance in areas where Canada has strong capabilities and where there could be strong multiplier effects in China (i.e., where assistance provided by Canada could be replicated); and
- Build up maximum human and institutional contact between Canadians and Chinese in key areas of the Chinese economy.¹⁸⁴

The initial objectives of the China Program reflected this range of interest:

to contribute to China's developmental efforts; to help strengthen the tendency towards more open, tolerant policies; and to cultivate China as a partner in development, trade, and international affairs. From its inception, the China program has been based on one strategic concept, "the multiplication of contacts at the thinking level."¹⁸⁵

The above is an examination of Canada's ODA policy towards China. From the philosophy, goals and objectives of Canada's ODA programs in China, we can see that Canada's ODA policy towards China is based on the principle of mutually beneficial interests.

¹⁸⁴ CIDA, CIDA Programs in Asia - China (Hull, Quebec, June 1992), p. 6.

¹⁸⁵ Ibid., p. 6.

CHAPTER IV. MUTUAL INTERESTS IN CANADA'S DEVELOPMENT ASSISTANCE TO CHINA

The above chapters have examined the theoretical approaches to studying the case of Canada's ODA to China and illustrated that Canada's ODA policy towards China is based on the liberal paradigm of mutual benefits. This chapter will continue the argument that Canada's ODA to China is for mutually beneficial interests. There are two parts in this chapter. The first part will examine Canada's ODA to China and its main benefits to China's development. The second part will examine Canada's ODA to China and the main benefits to Canada in return. This chapter will provide evidence and specific examples to show that the liberal interdependence theory fits well into the case study of Canada's ODA to China and the mutual interests.

1. CANADA'S DEVELOPMENT ASSISTANCE BENEFITS CHINA

From liberal interdependence theory this thesis has developed the argument that Canada's development assistance to China is for the mutual interests of both China and Canada. This part will examine the main benefits of Canada's ODA to China's development. In the introduction, I have examined several arguments concerning concepts of development. According to the working definition of development in this thesis, development refers to the process of change in China's economy not only in terms of general growth of

the Chinese economy. but also the improvement of socio-economic conditions at the grassroots level in China. In this chapter I will examine the contribution of Canada's development assistance to the changes of the Chinese economy. More specifically, I will examine the contributions of Canada's ODA to the Chinese economic reform and the overall growth of China's economy; the contribution of Canada's ODA to the Chinese open-door policy and the changes of China's balance of trade with Canada and the world; China's benefits from the Human Resources Development Program; Canada's contribution to China's urban or industrial economy; and Canada's contribution to China's rural or agricultural economy. Canada's contribution through development assistance to the changes in China's human rights is a related topic, but I will leave the discussion of these specific areas to Chapter V on linking ODA with human rights. Throughout the examination of the above contributions, I will show that Canada's ODA contributes to China's economic development.

1. BENEFITS TO CHINA'S ECONOMIC REFORM AND THE OPEN-DOOR POLICY

Canada's development assistance to China helps promote China's economic reform and the overall growth of the Chinese economy. Canada started the development assistance programs in China soon after China embarked on a series of economic and political reforms.

Before the Chinese economic reforms, there was a widespread popular discontent in China with economic performance during the

"Cultural Revolution decade" (1966-1976). In the rural sector, slow growth in agricultural output, combined with rapid population growth and lack of opportunities for off-farm employment, resulted in a low per capita income growth of only 0.5 percent per annum; from 103 yuan in 1957 to only 113 yuan in 1977. Aside from the adverse effect of this slow income growth on peasant incentives and morale, the stagnation in agricultural production led to a decline in marketing rates, which, in turn, posed growing problems for urban food supplies. In the face of the government's stated objective of achieving self-sufficiency in food production, the Cultural Revolution agricultural policy must be judged a failure.

In industry, although gross output grew at an impressive rate of nearly 10 percent per annum during 1957-1979, this performance was undermined by problems of inefficiency and poor coordination. Excessive investment in heavy industry and insufficient attention to the development of supporting industries and infrastructure led to mismatches between supply and demand. According to one report, shortages of fuel, electric power, and transport facilities caused 20-30 percent of industrial capacity to go unutilized during 1957-1977, costing an estimated 75 billion yuan in output foregone.¹⁸⁶ Yet, during the same period, investment continued apace, mostly in creating duplicative production capacity rather than in the bottleneck energy and transport sectors.

In the urban sector, wages for state workers were virtually frozen from 1963 to 1977, with only a partial adjustment in 1971-

¹⁸⁶. Ibid., p. 3.

1972 for those in the bottom two grades of the pay scale. With bonus pay eliminated during the Cultural Revolution, and without periodic promotions for seniority and skill acquisition, many workers suffered a decline in real income. As young workers were added at the bottom of the wage ladder, the average wage in the state sector declined from a peak of 741 yuan in 1964 to 632 yuan in 1977. Although urban living standards actually rose during the period--with rising family incomes due to increased labour participation--stagnant wage rates and a breakdown in work-place discipline produced extremely low worker morale and high absenteeism.¹⁸⁷

In December 1978 the historic Third Plenum of the Eleventh Party Central Committee of the Chinese Communist Party declared that the main focus of the Party's work should shift from class struggle to the four modernizations. Since 1979, Chinese leaders under Deng Xiaoping have repudiated Mao's campaign-style politics and initiated significant reforms in both economic and political spheres. The reforms were intended to rebuild China's agricultural and industrial economies, particularly through such innovations as market mechanisms.

The economic reforms have brought about profound changes in China's history. The 1980s were a decade in the Chinese that witnessed the fastest economic growth rate of 9 per cent and surpassed the target of doubling the GNP of 1980. In 1981, China's GNP totalled US\$ 299,770 million and in 1991 totalled US\$424,012

¹⁸⁷ Ibid., p. 3.

Graph I

Graph II

million. The real growth rate from 1981 to 1991 was 9.4 per cent (See Graph I). In 1981, China's GNP per capita totalled US\$300 and in 1991 totalled US\$370 (See Graph II). The real growth rate from 1980 to 1991 was 7.8 per cent.¹⁸⁸ In 1992, according to S. Y. Ma,¹⁸⁹ China's gross domestic product (GDP) grew by 12.8 percent, reaching 2390 billion yuan. This means a per capita output of approximately 2000 yuan, or US\$ 350 (converted at the much-devaluated year-end official exchange rate).

With the growth of production in the 1980s came marked improvement in people's livelihood, as evidenced by 8.4% average annual increase in the real per-capita income of the farmers and 5.3% in that of the urban dwellers. China thus has basically solved the problem of providing adequate food and clothing for the 1.1 billion Chinese people. As is well-known, China has to feed 22% of the world's population with only 7% of the world's cultivated land.¹⁹⁰

With the significant change in China's economy, some people might have doubts about the role of Canada's development assistance in the rapid economic development of China. Some might argue that China's economy would develop even without Canada's development

¹⁸⁸ Selected from The World Bank Atlas (Washington D.C., 1991-1992).

¹⁸⁹ S. Y. Ma, "The Overall Growth of the Chinese Economy in 1992," Canada China Business Forum (Toronto: Canada-China Trade Council Publisher, March/April 1993), pp. 12.

¹⁹⁰ Qian Qichen, "China's Reform and Opening-up and Sino-British Relations," Speech at the Royal Institute of International Affairs (London, 9 March 1992), p. 1.

assistance.

I will not challenge the above argument. But we have to understand the difference between development and development assistance. If we define development as a continuous process of change in a number of conditions affecting human life,¹⁹¹ we can understand development assistance is to contribute to the process of change. Thus we cannot expect development assistance to have a large impact on such a big change like China's economic reform. What we are talking about is whether Canada's ODA has made a positive contribution to specific aspects of the reform or the process of change. In my research, I find that Canada's development assistance to China does contribute to economic reform and help the Chinese rural and urban poor.

Two or three years after China started economic reforms, Canada began development assistance to China in 1981/82. Since then, Canada has been contributing a significant amount of development assistance to China year by year, and the amount of development assistance has been increasing in a general trend. In 1981/82 Canada offered China a relief fund for CAN\$4.497 million and in 1991/92 Canada's ODA to China increased to CAN\$74.994 million. During the 11 years from 1981/82 to 1991/92, Canada offered a total of CAN\$381.94 million to China.¹⁹²

According to CIDA's report, in 1982/83, China ranked 78th

¹⁹¹ Radetzki, p. 53.

¹⁹² CIDA, Summary of Report Contents, ODA by Fiscal Year by Recipient Code (\$000), D:\WP\HISTODA\REPORTS.RP

among the Canadian ODA programs, but in 1991, the Canadian program already ranked third among donor programs in China and represents CIDA's fifth largest bilateral program.¹⁹³ And Canada's ODA programs to China cover almost all the key areas in China, namely, Human Resource Development; Agriculture; Energy; Transportation; Forestry; Telecommunications, etc. I will examine these areas later in this chapter and we will see how China benefits from these specific programs.

Canada's development assistance to China contributes to China's open-door policy and the balance of trade with Canada and the world. Before China's reforms, China had been following the economic model of the former USSR. As mentioned above, with the poor economic performance China had the domestic pressure from people's discontent to make economic and political reforms. Actually, China's reforms are not simply a response to domestic political and economic imperatives. They also reflect China's new perception of the international climate and her role in the world economy. In particular, the examples of the four small dragons - Taiwan, Hong Kong, Singapore, South Korea (especially the Chinese-dominated economies of Hong Kong, Taiwan, and Singapore) - that successfully tapped the world market during the 1960s and early 1970s undoubtedly helped motivate China to abandon its autarkic stance. The standard of living of the four dragons has caught up to and surpassed that of a number of European countries. Moreover, the

¹⁹³. CIDA, "Development Cooperation Program in China," (Hull, Quebec, April 4, 1991), p. 27.

dragons enjoyed near double-digit growth rates in the late 1980s.

China herself would no doubt like to become the fifth dragon. It is understood on the mainland, certainly by the brighter academic economists and some economist-officials, that much can be learned from the four dragons. Careful study and application of the economic institutions and policies that propelled the four dragons from third-world to first world status provide a clear set of measures that can assist China in its effort to modernize. According to Deng Xiaoping, "We should not be afraid of some capitalism if it is confined to the economy. What China needs, from whatever sources, is "new knowledge, new experience, new policies and new ideas."¹⁹⁴ When Deng Xiaoping travelled in Shenzhen and Zhuhai in 1992, he stated again that China should make use of the successful economic experience from capitalist countries so that to modernize China with Chinese socialist characteristics. Thus in the economic reforms, China took a series of bold measures for the Four Modernizations. The open-door policy was one of the most significant measures.

The open-door policy and the series of other measures of China's economic reforms have brought significant achievements to China in her world economic position. In trade, for example, in 1992, China's total imports amounted to US\$80.6 billion, 26.4 per cent more than in the preceding year. The largest increases were in the import of raw materials, machinery, and transport equipment.

¹⁹⁴ John Gittings, "China's Date with Democracy," The Ottawa Citizen (Ottawa, April 2, 1992), p A-11.

Imports from Canada registered a 15 per cent growth. Merchandise exports were valued at \$85 billion, an increase of 18 per cent. Manufactured goods accounted for 80 per cent of the total, compared to 55 per cent a decade ago. There was a 16 per cent expansion in Chinese exports to Canada. In 1992, China won foreign investment contracts totalling \$68.5 billion, 2.5 times that in 1991.¹⁹⁵

Most significantly, in 1992 China had surpassed three of the four Asian dragons - Taiwan, South Korea, and Singapore - as well as Spain in Europe and became the world's eleventh largest trading country. China's total trade in 1992 amounted to US\$165.63 billion. The 10th largest trader, Hong Kong, had a turnover of \$240 billion. Chinese trade officials have said that China is determined to be among the world's top 10 traders as soon as possible.¹⁹⁶ In my view, after China resumes her sovereignty over Hong Kong in 1997, China will not only be the world's top ten, but most likely be among the world's top five traders and perhaps will surpass Canada as well.

There is no doubt that China's open-door policy has brought great changes to the Chinese economy. But again there might be doubts about the contribution of Canada's development assistance to the Chinese open-door policy. In my view, Canada's ODA does make significant contributions to the Chinese open door policy.

Canada is well-known globally as a successful developed

¹⁹⁵ S. Y. Ma, pp. 12-14.

¹⁹⁶ Canada China Business Forum (Toronto: Canada-China Trade Council Publisher, March/April 1993), p. 28.

Western country. Canada's ODA programs of Human Resource Development bring tens of thousands of Chinese professionals to Canada for training and thus provide the Chinese professionals a window for learning Western pro-market economy as well as "new knowledge", "new experiences" and "new ideas", as Deng Xiaoping said. Thus, China is more prepared to compete in the world economy.

In order to stimulate the human resource development required by its policy of modernization, the Chinese Government has adopted a strategy of familiarizing its key people with western models of management and technology applications. In response to this strategy, CIDA is concentrating its program in China on technical assistance delivered through both professional attachments and linkage arrangements between Chinese and Canadian universities/colleges. This assistance, aimed at strengthening institutions, has placed particular emphasis on transferring Canadian managerial skills to China.¹⁹⁷ For example, China is now benefiting from the CIDA program of Applied Economic Research Institutes Linkages. Canada contributes \$5 million for the years from 1992 to 1995. This program improves the applied economic research capacity of selected Chinese and Canadian economic research institutions in order to analyze the growing interdependence between Asia and North America, and to contribute to key development issues by establishing a) a working network of direct institutional partnerships and; b) mechanisms for the exchange of economic and business information and analysis. This

¹⁹⁷ CIDA, Programs in Asia - China (June 1992), p. 7.

Graph III

CANADA'S ODA AND CHINA'S EXPORT
(MILLION CDN DOLLARS)

project represents the China Program's first attempt to directly address the issue of economic institutes which provide economic policy advice to the Government of China and by linking them with identified Canadian institutions.¹⁹⁸

Canada's ODA, through the programs of Human Resource Development and other agricultural and industrial programs, has contributed to strengthening the linkage of trade and economic relations between China and Canada. Such programs have made it possible for China to learn from the Canadian market economy and its practices of international trade. After the training of the professionals in Canada, the Chinese trainees return to China with new knowledge, new experience and new ideas and make new contributions to the Chinese reforms and to the Chinese competition in the world market.

China's trade with Canada is one example. Canada's ODA has contributed to the increase of China's trade with Canada. Canada enjoyed a trade surplus with China for 31 years of the 34 years between 1959 and 1992 (excluding 1959, 1989 and 1992). However, China's exports to Canada have been increasing at a regular speed. In 1959 China exported to Canada with a total of CAN\$4.84 million. In 1981 when Canada started ODA to China, China exported to Canada with a total of CAN\$220.01 million. And in 1992 after 12 years Canada offered ODA to China, China's exports to Canada increased to CAN\$4700.234 million and China even enjoyed a trade surplus of CAN\$194.076 million. From Graph III we can see that China's exports

¹⁹⁸ CIDA, Programs in Asia - China, (June 1993), p. 15.

to Canada have been increasing year by year. At present, China is already Canada's fifth-largest trading partner.¹⁹⁹

It is hard to estimate exactly how much a role Canada's ODA to China has played in the Chinese reform and open-door policies. However, Canadian ODA has no doubt provided China with a channel or opportunity to learn from Canada about the practices of a the pro-market western economy. And from the change of China's trade balance with Canada, we can see the immediate benefits China gains from Canada's ODA to China. In the following examination of specific examples, I will show how China benefits from Canada's development assistance.

2. BENEFITS TO CHINA'S HUMAN RESOURCE DEVELOPMENT

China benefits from the Human Resource Development programs of Canada's development assistance. Compared to other donors, Canada is the largest contributor of Human Resource Development in China. CIDA's bilateral China HRD expenditures (1986 - 1990) totalled \$85.1 million. This was 57 per cent of the \$150 million disbursed through the China program.²⁰⁰ According to Martin Rudner, "the strategic focus of the CIDA China program is on human resource development, with the aim of helping China overcome the constraints

¹⁹⁹ Department of External Affairs Canada, "Canada-China Trade Relations And the Canada-China Joint Economic and Trade Committee", Backgrounder to News Release No. 100 (Ottawa, April 27, 1993).

²⁰⁰ Anne Bernard, Charles Lusthaus, Paul McGinnis, "Overview of China HRD Concept Papers", A Review of Human Resource Development in China (Hull, Quebec, CIDA, March 1992), p. 7.

on knowledge and skills that limit its economic and social progress."²⁰¹

According to my interview with Mr. Paul McGinnis in CIDA, Canada's Human Resource Development activities in China have been growing steadily since early 1980s. The goal of the program was to increase China's knowledge of Canada while providing the Chinese with training in areas of need. The proposed target population for Human Resource Development efforts was Chinese decision makers. The Human Resource Development programs covers mainly the following projects: Management Education; Human Development Training; Enterprise Management Training; University Linkage; Normal University Project; College Linkage; Women in Development; International Cooperation on Environment and Development; Auditor Training; Open Cities; Rehabilitation Centre; Language and Cross-Cultural Program and others.

In order to stimulate the human resource development required by its policy of modernization, the Chinese Government has adopted a strategy of familiarizing its key people with western models of management and technology applications. Has Canada's development assistance to China met the needs of China through the Human Resource Development projects? Has Canada's ODA to China emphasized on transferring Canadian managerial skills to China.²⁰² The following are some specific examples to show how China benefits

²⁰¹ Rudner, Canadian Development Assistance to Asia, p. 13.

²⁰² Ibid,, p. 9.

from the Canada's Human Resource Development programs:

First, let's see how China benefits from the Canada-China Human Development Training Program (CCHDTP). This program upgrades the skills of Chinese professionals in key positions through tailor-made training programs in Canada. These involve practical attachments in industry and government, as well as some limited academic training. There were two phases in this program. Phase I was from 1983 to 1989 with Canada's contribution of CAN\$9 million. Phase II is from 1987 to 1994 with Canada's contribution of CAN\$ 21.2 million. Under Phase I, 315 Chinese received training and under Phase II 460 professionals and 40 technical interpreters received training. The human development training program has upgraded the skills and knowledge of Chinese professionals who hold, or will hold, important administrative and technical positions in China. At the end of their one year tailor-made training programs in Canada, which involve practical attachments in industry and government, as well as some limited academic training,²⁰³ these specialists return to China to implement and share their knowledge and skills with their colleagues. They also contribute to China's ambitious plans of modernization through the expansion of cultural, scientific and commercial exchanges of various kinds.²⁰⁴ According to a 1990 speech by Shen Jueren, Vice-Minister of Ministry of Foreign Economic Relations and Trade,

²⁰³ Ibid., p. 10.

²⁰⁴ WUSC, An Introduction to the Canada-China Human Development Training Programme, (Ottawa, January 1992), p. 1.

If China is to confront the challenge of our times, it must reform its education system, participate in the world community and accept the help and support of friendly countries willing to train our specialists. It is in this historical context and with the sponsorship of the Canadian Government that the Human Development Training Programme was established and evolved. During the last five years, 450 Chinese trainees, specializing in 43 different fields, have been admitted to this programme and 365 have returned. Experience during the last few years proves that the Human Development Training Programme not only trains the experts we need for our country's development, but also encourages bilateral trade and the exchange of technical information. This can only foster better mutual understanding and friendship between our peoples.²⁰⁵

From Qiao, the Alumni Bulletin for trainees and graduates of the China-Canada Human Development Training Programme administered by World University Service of Canada (WUSC), we can see specific examples of how the trained Chinese specialists in the Canada-China Human Development Training Program make contributions now to China. The following are some examples of the trainees:

Mrs. Zhang Yanfen, who came to study management under the CCHDTP in 1984, was named executive vice-president of a newly-formed Sino-Canadian joint venture called Sinotek International (1986) Inc. Sinotek was created by Regina-based Sinotek International Inc. and China International Engineering and Materials Corp. in order to process minerals locally for sale abroad. Mrs. Zhang commented, "I am very excited about my new responsibilities in Regina. I think the most important thing I gained from WUSC's HDTP is the feeling that I understood how Canadians work together, I now feel sufficiently confident to deal

²⁰⁵ WUSC, QIAO (Ottawa, 1990), p. 1.

with Alcan or Canada's banks and know where I stand." She feels that her new appointment is due in part to her previous Canadian experience.²⁰⁶

Mr. Sun keeps in contact with the BC law firms where he trained, especially those active in Shanghai such as Pannell, Kerr, Forster; Bull, Houser and Tupper; and Russell and Dumoulin. "along with other trainees, I have a special feeling of friendship for Canada. If I am asked by Chinese friends for introductions to Canadian businessmen, I always say 'of course'.

Mr. Su Lifeng is currently deputy director of one of the few state firms allowed to send Chinese contract labour abroad on construction projects. He said,

My Canadian training was very, very helpful for my present job. My colleagues respect me now because I studied in Canada. My training was very detailed. I was taught personnel management, financial analysis, how to manage a branch-company and how to set up and run a financial department for head offices and branch operations. I was also trained in marketing. SNC centralizes finance and decentralizes marketing and personnel management. I recommended this system to my company, and they accepted it.²⁰⁷

Mr. Huang Langhui, who spent a year at Statistics Canada from Nov. 1986 to Nov. 1987, has since been promoted to Deputy Director of the State Statistics Bureau's general Organization of Urban Social Economic Surveys where he is responsible for three divisions. His Canadian training in sample surveys is enabling him to establish an indicator system for price statistics in China. He

²⁰⁶ WUSC, Qiao, No. 1, (Ottawa, 1988), pp. 6-7.

²⁰⁷ Ibid., p. 2.

feels investment in human development is of paramount importance. "China will greatly benefit from this programme as will Canada."

The above examples have shown how China benefits from the specific training program of the CCHDTP. Another example of CIDA's HRD programs is the Canada-China Enterprise Management Training Project. In this program, Canada contributed \$3.1 million for Phase I from 1983 to 1987; \$4.8 million for Phase II from 1986 to 1991; and \$5 million for Phase III from 1991 to 1996. This project channels expertise from Canadian community colleges towards the development and eventual self-sufficiency of a management training college in Chengdu, Sichuan Province. The China Management Training Centre in Chengdu is one of 20 key management education centres which have been established by the Chinese government to accept international donor assistance in the teaching of western management theory and practice to Chinese managers. The Chengdu serves primarily the province of Sichuan and its more than 40,000 enterprise and government cadre managers. The aim of the CIDA project is to upgrade the professional skills of faculty, administration and support staff, in order to improve institutional administration, systems, curriculum, applied research, and equipment. In addition, the project is enhancing the outreach information, publicity, and consulting services of the Centre.²⁰⁸

From Canada's ODA contributions to the development of China's development of human resources, China has the opportunity to obtain knowledge from Canada to be successful in economic development and

²⁰⁸ CIDA, Programs in Asia - China (Hull, June 1993), p. 11.

in competition in the world market.

3. BENEFITS TO CHINA'S URBAN ECONOMY

China benefits from Canada's development assistance in China's urban or industrial economy. The record in China's industry from 1978 to 1987 was also impressive. The gross output value of state industry doubled during the period, while its share dropped from 80 to 60 percent. The gross output value of collectively run industry increased four times. In real terms, total industrial output value during the decade rose at an average annual rate of 11.8% (11.3% during 1952-1977). State sector industrial labour productivity, according to official sources, increased during the decade by almost 50%. In 1978, 40% of the industrial output value was produced under mandatory planning; compared with 20% in 1987.²⁰⁹

The industrial reform has also brought vast improvement in the lot of the urban Chinese. In 1990, the annual per-capita income of the country's urban residents reached 1,387 yuan (about US\$258), compared with 316 yuan (\$59) in 1978. The consumption level of the city residents has consequently improved greatly. Per-capita consumer spending has been increasing by 3.9 per cent yearly (adjusted for inflation), reaching 1,279 yuan (\$238) in 1990.²¹⁰

In 1992, transportation, posts, and telecommunications contributes 21 per cent of the total output of all service

²⁰⁹ Ibid., p. 175.

²¹⁰ Beijing Review (Beijing, October 14-20, 1991), pp. 9-10.

industries, the largest within that sector. The volume of freight transport increased by 4 per cent, passenger transport by 10 per cent, and cargo handled at major coastal ports by 11 per cent. Posts and telecommunications registered a healthy growth of 42 per cent in 1992. In particular, express mail, paging, and mobile telephone services expanded by more than 60 per cent. Altogether 1,400 Chinese cities and counties are now connected by autoswitch long-distance telephone.²¹¹

Canada's ODA to China's industrial economy mainly focus on programs of energy, transportation and telecommunications.

(1) ENERGY

The energy programs include Technical Assistance to Electric Power Research Institutes; South China Power Studies Project; Strategic Energy Planning for Southern China; Oil and Gas Technology Transfer Program, etc. China is the world's third largest producer and consumer of energy; however, average energy consumption per capita represents only one third of the world's average. A Chinese household consumes about 40 times less energy than its Canadian counterpart. Thus, there is already a chronic shortfall of energy supply relative to demand. Given the size of the population and projected economic growth rate, energy demand could more than triple by 2025.²¹²

²¹¹ S. Y. Ma, p. 14.

²¹² CIDA, Programs in Asia - China, (June 1993), pp. 19-20.

China benefits from Canada's CDA in energy projects. One example is the Petroleum Development Technical Cooperation Project. From 1984 to 1989, Canada contributed \$6.3 million to this project. As part of the overall Chinese strategy to develop and conserve energy resources, this project strengthened the planning and design capabilities of two key oilfield administrations. This was achieved by upgrading the skills of a number of specialists and engineers working at those fields and related organizations. Specifically, Canadian technical assistance and training enabled the Chinese to carry out these feasibility studies in the design of oilfield development, energy conservation and condensate field surface engineering systems of two key oilfield administrations. Approximately 30 Chinese petroleum engineers received training in Canada.

Another energy project is Canada's Technical Assistance to the Electric Power Research Institutes to which CIDA contributed \$7.5 million between 1985 and 1992. Canada is now contributing another \$4.5 million for the Phase II from 1993 to 1997. The project has been providing technical assistance to upgrade the research capabilities of the Electric Power Research institutes of China's Ministry of Water Resources and Electric Power. The institutes are responsible for providing technical advice and guidance to the Chinese Ministry, and for the research required to ensure the availability of methodology and equipment required to undertake the planning and implementation of major projects and systems to improve the performance of China's energy sector. Under this

project, the Ministry's institutes acquire state-of-the-art technology, and training in its application, in all elements of electric power systems research. The principle project components are seminars in China, technical missions to Canada, training courses in Canada, and specific, high-technology technical assistance.

(2) TRANSPORTATION AND TELECOMMUNICATIONS

Since 1986, Canada's ODA to China has started the involvement in the sector of transportation. The Transportation Program includes projects of Comprehensive Transport Management Training; Civil Aviation Transport Training; Transport Systems Training, etc. As China has a very small transportation network in relation to its population and the area covered, this is an important development need.

For example, Canada contributed \$12.25 million to the Management Training in Comprehensive Transport Project from 1988 to 1993. This project assisted China in upgrading its transportation infrastructure by training middle and senior management in modern techniques of comprehensive transportation. Officials were trained in various modes of transportation management, technical studies, planning and training-related equipment.²¹³

Canada also contributed \$9 million to the Technical Assistance

²¹³ CIDA, Canadian Development Assistance in Asia - China (Hull, Quebec, Jan. 1988), p. 20.

for CAAC Airline in Zhejiang, China from 1988 to 1993. This project assisted China in upgrading its civilian aviation capabilities by improving the management skills of its civil aviation personnel and assisting in the development of Zhejiang Regional Airlines.²¹⁴

Canada also supports the development of China's telecommunications systems. Canada contributed CAN\$4.28 million in the project of Technical Assistance for Domestic Satellite System from 1987 to 1993. This project helps China's Ministry of Posts and Telecommunications to upgrade, operate, and maintain China's domestic satellite system. Canada provided assistance in systems planning and engineering design and in the installation of time division, multiple-access (TDMA) equipment at earth satellite stations in Beijing, Guanzhou, and Urumqi. The project has provided technical assistance in China, some training in Canada, and the necessary TDMA equipment.

Canada contributed \$4.28 million to the project of Technical Assistance for China's Domestic Satellite System from 1987 to 1990. This project helped the Chinese Ministry of Posts and Telecommunications to upgrade, operate, and maintain their domestic satellite system. Canada also provided help in systems planning and engineering design and in the installation of time division, multiple-access equipment operation. Canada provided technical assistance in China, some training in Canada, and equipments for

²¹⁴ Ibid., p. 20.

demonstration and training.²¹⁵

From 1988 to 1991, Canada also contributed \$15 million to the project of National Network Maintenance Centre. This project contributed to improving the efficiency of China's national telephone network by assisting the Chinese Ministry of Posts and Telecommunications to establish management and surveillance centres.²¹⁶

4. BENEFITS TO CHINA'S RURAL ECONOMY

Canada's development assistance to China contributes to China's rural or agricultural economy. The most daring reform measures of China's agriculture countryside, home to some 80 percent of China's over one billion population, is the introduction of production responsibility systems, a program which has drastically altered the organization of production and the distribution of output in the countryside.

Agricultural growth in 1992 was at 3.7 per cent. Grain output in 1992, at 443 million tonnes, was 1.7 per cent more than in 1991. The 1992 harvest was the second highest in Chinese history.²¹⁷

Initially, Canada concentrated its agriculture activities on the development of the Northeast of China. Two factors contributed

²¹⁵ CIDA, Canadian Development Assistance in Asia - China (January 1988), p. 20.

²¹⁶ Ibid., p. 21.

²¹⁷ S. Y. Ma, pp. 12-14.

to this concentration. First, the climate and conditions of the area are similar to those in parts of Canada. Second, two Canadian provinces already had twinning arrangements in the region: Alberta with Heilongjiang and Saskatchewan with Jilin. Pressed by the need to increase the modernization and efficiency of its food production, the Chinese government asked CIDA for assistance in key sectors of food production in some of its major food-producing provinces and central China.²¹⁸

China's agriculture has benefited from Canada's ODA in the following projects: Tanggu Animal Quarantine Project; Heilongjiang Seed Breeding / Processing Project; Harbin Domestic Cattle Project; Heilongjiang August 1st Land Reclamation University; Liu He Cadre Training College Project; Potash Agronomic Development Program; Keshan Potato Research Institute Project; State Farm 852 Dairy/Forage/Soil Improvement; Huining Economic Development Project; Lean Swine Production Project; Integrated Dairy Cattle Breeding Project; Northern Grassland Improvement; Heilongjiang Agricultural Broadcasting School Project; and Hebei Dryland Project.

For example, Canada contributed \$1.1 million to Heilongjiang Seed breeding/Processing Project. This project introduced modern seed breeding, production and processing techniques (for wheat, soyabeans, and maize) and contributed to the development of Heilongjiang as a grain base in Northern China. CIDA arranged study tours, training of Chinese personnel in Canada and in Mexico at the

²¹⁸ CIDA, Programs in Asia: China (June 1993), p. 12.

International Maize and Wheat Improvement Centre, and provided China with technical assistance and equipment.²¹⁹

Canada contributed \$1.6 million to the Keshan Potato Research institute from 1986 to 1991. This project upgraded the technical capability at the Keshan Potato Research Institute in disease testing and detection, breeding, and agronomy. This assisted China and the province of Heilongjiang, to improve yields and quality through superior seed production systems, varieties, and cultural practices.²²⁰

Canada contributed \$9 million to the Lean Swine Production from 1991 to 1997. This project increases the efficiency of pork production, processing and marketing in China. CIDA assisted China's Ministry of Agriculture in establishing in three provinces a modern, commercially viable, integrated lean pork industry responsive to changes in both feed supply and market demands. CIDA provides 1) live pigs and equipment; 2) technical assistance and training in stock breeding and technology, feeds analysis/standards/formulation techniques, carcass grading and fresh cut techniques, and production economics; and 3) support in upgrading three training centres.

Apart from the above examples, China has also benefited from Canada's ODA programs of Forestry, Canada Fund for Local Initiative and Canadian Partnership Programs.

²¹⁹ CIDA, Canadian Development Assistance in Asia - China (January 1988), p. 10.

²²⁰ Ibid., p. 12.

The above examination has shown how Canada's ODA has benefited China's economic development. As mentioned at the beginning of this chapter, China's rural and urban economy were at poor conditions before the economic reform and the open-door policy. From the above evidence or specific examples, we have seen that Canada's ODA has contributed to the Chinese economic reform and the open-door policy. The Canadian ODA projects from human resource development to industry and agriculture are all important in the need of China's economic development. Thus Canada's ODA to China does benefit China and play a significant role in assisting China's economic development.

11. CANADA'S DEVELOPMENT ASSISTANCE TO CHINA BENEFITS CANADA

According to the liberal interdependence perspective, Canada's development assistance to China is for mutual benefit. Canada's ODA to China is not only to the benefit of China, it is also to the benefit of Canada. According to Peter Wyse,

The Government of Canada intended its foreign aid program not only to help the Third World poor through development and relief programs but also to benefit Canada by promoting exports, creating jobs, assisting farmers, and furthering Canadian foreign policy. The government claimed correctly that its aid program created "mutual benefits" both to Canada and the Third World.²²¹

From the last part we can see that Canada's development assistance has been beneficial to China. In this part I will

²²¹ Wyse, p. 1.

examine how Canada has benefited or what Canada has gained in return from offering development assistance to China since 1981/82. In general, I will examine Canada's benefits mainly in the following economic areas: 1) Trade expansion and trade balance with China; 2) Economic opportunities for Canadian businesses; 3) Creation of domestic employment opportunities.

1. Canada's ODA to China and Trade Partnership

According to James R. Markusen and James R. Melvin,²²² international trade makes up a significant proportion of Canada's gross national product (GNP). In 1981, for example, exports were approximately 20 percent of Canada's GNP. According to CIDA's report, To Benefit a Better World, exports are about 30 per cent of Canada's GNP.²²³

From Chapter III we have seen that one of the objectives of Canada's development assistance to China is to cultivate China as a trading partner. In my research I find that there is a causal relationship between Canada's development assistance to China and the expansion of Canada's trade with China. Canada's perception of the benefits of trade has led to increased Canadian ODA to China so

²²² James R. Markusen and James R. Melvin, Department of Economics of University of Western Ontario, The Theory of International Trade and Its Canadian Applications (Toronto: Butterworths, 1984), p. 6.

²²³ Ibid., p. 7.

that Canada will benefit more. According to Martin Rudner,²²⁴

Domestic commercial interests have always exercised a claim on Canada's Official Development Assistance. From the initial tying of Canadian aid to domestic procurement to the later introduction of transfer mechanisms specifically designed to promote Canadian commercial objectives in recipient countries, there has been an aid/trade dimension to Canadian ODA. Developmental philanthropy was tempered by the deliberate search for domestic returns.

Concerning Canada's ODA to China and Canada's trade interests, Rudner says,

China was targeted by Canada's trade strategy as a preeminent export market, especially for high-technology products, despite the problematic experience of Canadian - and other foreign - firms operating there. Several provincial governments got into the act as well, among them Alberta, Ontario, and Saskatchewan, forming twinning relationships with Chinese counterparts. Since the early 1980s development assistance also became an important component of this cultivation of China.²²⁵

In my research, in order to study Canada's development assistance to China and the Canadian trade interests with China, I have selected data from 1981/2 to 1991/2 as below: Canada's ODA to China; Canada-China bilateral trade; Canada's export to China; and Canada's trade surplus with China. The following graphs support my argument that Canada's ODA to China not only benefits China's economic development, but also benefits Canada's trade interests.

²²⁴ Martin Rudner, "Trade cum Aid in Canada's Official Development Assistance Strategy," in Brian W. Tomlin and Maureen Appel Molot, eds. Canada Among Nations, 1986 Talking Trade, The Norman Paterson School of International affairs, Carleton University (Toronto: James Lorimer & Company, Publishers, 1987), p.127.

²²⁵ Rudner, Canadian Development Assistance to Asia: Programs, Objectives and Future Trends, p. 15.

The first fiscal year for which CIDA's China program had a budget was 1982/83; disbursements on China-related activities totalled about \$2.2 million during that year for bilateral and special programs activities. This amount grew to \$7.27 million in 1983/84, \$11.42 million in 1984/85, \$19.4 million in 1985/86, \$27.0 million in 1986/87, \$35.2 million in 1987/88,²²⁶ \$46.52 million in 1988/89, \$41.57 million in 1989/90, \$35.89 million in 1990/91,²²⁷ and \$74.99 million in 1991/92.²²⁸ This does not include multilateral and other forms of CIDA assistance. The value of approved CIDA assistance to China (including multilateral aid), since the commencement of the program, exceeds \$381 million by 1991/92.

Table IV:

CANADA'S ODA TO CHINA - 1981/2-1991/2 (CDN\$ MILLIONS)

YEAR	1981/82	82/83	83/84	84/85	85/86	86/87
ODA	4.497	3.016	7.279	13.502	21.803	36.346
YEAR	1987/88	88/89	89/90	90/91	91/92	
ODA	42.748	50.310	45.070	82.375	74.994	

Total ODA: CAN\$ 381.94 Million

Source: CIDA, ODA BY FISCAL YEAR BY RECIPIENT CODE, 1993.

²²⁶ CIDA, Canadian Development Assistance in Asia - China (January 1988), p. 3.

²²⁷ CIDA, CIDA Programs in Asia (June 1992), p. 4.

²²⁸ CIDA, Summary of Report Contents (Hull, Quebec, Jan. 26, 1993), p. 1.

Graph IV

Graph IV shows Canada's ODA to China and the total trade value between Canada and China from fiscal year 1981/1982 to 1991/1992. It also shows the two-way trade between Canada and China from 1981 to 1991. According to my calculation based on the data from CIDA, from 1981/2 to 1991/2, Canada offered China CAN\$381.94 million ODA to China, while from 1981 to 1992 Canada and China had a total trade value of CAN\$ 28,993.747 million. The statistics show that Canada's ODA to China increased from CAN\$4.497 million in 1981/82 to CAN\$74,994 million in 1991/92, while Canada's trade with China increased from CAN\$1,237.567 million in 1981 to CAN\$4700.234 million in 1992.²²⁹ This shows that the growth of Canada-China bilateral trade goes together with the increase of Canada's ODA to China.

Graph V illustrates the comparison of Canada's exports to China and Canada's imports from China from 1981 to 1991. From this graph we can see Canada's ODA to China and the general trend of Canada's exports and imports with China. It shows that Canada's exports to China have been increasing in a general trend, although the curves move with ups and downs like the movement of a merry-go-round. It also shows that Canada's imports from China have been continuously increasing. The curves move up step by step like the climbing movement of the roller-coasters.

Graph V also shows that Canada's export and import with China have been getting more balanced. In 1981, the Canadian import from

²²⁹ CIDA, ODA by Fiscal Year by Recipient Code, D:\wp\histoda\reports.rp, And Statistics Canada, Export by Country, Imports by Country (Hull, Quebec, 1993), p. 1.

Graph V

China totalled \$220,013,000 whereas the Canadian export totalled \$1,017,544,000. In 1991, Canada's export to China valued \$1,885.759.000 and imports valued \$1,852,114,000. During the 11 years, Canada enjoyed a surplus of trade with China with CAN\$ 8,043 million. However, when I say the Canadian exports and imports with China are becoming more balanced, I do not mean Canada's exports to China have been decreasing, but rather that Canada's imports from China have been increasing rapidly. In 1981 Canada's imports from China were \$220.013 million, but in 1991 Canada's imports from China amounted to \$1852.114 million. From the graph we can see that Canada's exports to China have been increasing in a general trend although there are ups and downs. Meanwhile, Canada's imports from China have been steadily growing.

One reason for Canada's increase of imports from China is that for certain commodities or products, importing from other countries cost less than domestic production. As China has very low labour costs and the price for commodities and products are relatively low, Canada can make good profits with imports from China. Take tableware as an example. A Canadian importer now can import from China a stainless steak knife at C.I.F. (cost, insurance, and freight) price of US\$0.1365 to Montreal or Toronto and sell it at Consumers Distributing Store at the price of CAN\$3.15 or CAN\$18.88 for a set of six.²³⁰ If the steak knife were produced in Canada domestically, the labour cost for production could have been much

²³⁰ Consumers Distributing, Annual (Ottawa, 1993/94 Catalogue, Partner), pp. 74-75.

Graph VI

more than the cost for importing it from China.

Graph VI illustrates Canada's ODA to China and Canadian exports to China. From this graph we can see that increased ODA to China has paralleled increased exports or vice versa. From the graph we can see that Canada's ODA to China increased from CAN\$4,497 million in 1981 to CAN\$74.994 million in 1991. As for exports during the same period, the export value of 1981 with CAN\$1,017.554 million increased to the value of 1992 with CAN\$2,253.079 million.

Graph VII illustrates Canada's ODA to China and the surplus Canada gains from its trade with China. From the graph we can see that during the 11 years from 1981 to 1991 Canada enjoyed a surplus of trade with China for 10 years and experienced a trade deficit for only one year in 1989. During these 11 years from 1981/2 to 1991/2, Canada offered development assistance to China worth a total of \$381.94 million. In the same period, Canada gained over \$8,043.013 million of trade surplus from China. That is to say, Canada's ODA to China from 1981 to 1991 averaged 4.75 per cent of the total value of Canada's trade surplus from China. Comparing Canada's ODA to China and the total trade surplus Canada enjoyed, if we say that for 11 years Canada has given China less than CAN \$5.00 Mu gua in compliments, we can also say Canada has gained from China a value of \$100.00 worth of "gem" in return.

From graph VII we can also see that since 1989, there has been a sudden change in Canada's surplus of trade with China along with the changes Canada has made for the ODA to China since 1989. In my

Graph VII

analysis, the change of Canada's surplus of trade with China and the change of Canada's ODA have the following causes. First, due to the Tiananmen crackdown in 1989, there was a change of Canada-China bilateral relations. Canada took measures against China and one measure was to decrease its ODA to China. Thus because of the setback of bilateral relations, the institutional linkages were weakened and the opportunities for trade and other economic activities were also lessened between Canada and China. Secondly, the decrease of Canada's ODA to China is also because of Canada's economic recession and debt which have led to an overall cut of Canada's ODA to Third World countries and a shift of focus of Canada's ODA to support the former USSR and the newly liberalized Eastern European countries. Thirdly, Canada has increased its imports from China. Although Canada's exports to China were increasing, Canada's imports from China were also expanding rapidly.

The above graphs show that since the start of Canada's development assistance to China from 1981/82, Canada's ODA to China has been growing in a general trend and at the same time Canada's trade with China has also significantly expanded. From 1981/2 to 1991/2 Canada offered a total value of CAN\$ 381.94 million development assistance to China. For the same period, the Canada China trade increased from CAN\$ 1237.563 million in 1981 to CAN\$ 4700.234 million in 1992. The Canada-China total trade from 1981 to 1991 was valued as CAN\$ 24,293.513 million. During the same period, Canada's exports to China totalled CAN\$ 16,168.263 million and

Canada's imports from China totalled CAN\$ 8,125.250 million. Canada's total trade surplus with China from 1981 to 1991 was CAN\$ 8,043.013 million, almost half the amount of Canada's exports to China.²³¹

The above examination suggests that with Canada's ODA to China, Canada has cultivated China as a trade partner. As Canada's Governor General Ray Hnatyshyn said to China's visiting Vice Premier Zhu Rongji that China has been Canada's fifth largest trade partner. The friendship between Canada and China is for the fundamental benefit of the peoples of both countries.²³²

Canada's development assistance to China is one of the most important causes for the increase of trade between Canada and China. In the process of China's development or modernization, China needs not only an open-door or pro-market policy, but also managerial skills, advanced foreign technology, equipment and financial support or investment. Canada sees the huge potential of the Chinese market and has developed ODA programs to meet the need of China. Canada's ODA programs in China cover many fields from human resources to agriculture, energy, transportation, forestry and telecommunications. Through these programs, Canada establishes an institutional linkage with key areas in the Chinese economy. In particular, the Human Resource Development projects have trained

²³¹ The figures are the author's own calculation based on the collected data from Statistics Canada, CIDA, and the Department of the External Affairs of Canada.

²³² "Canada's Governor General Met with Zhu Rongji," People's Daily, Overseas Edition (Beijing, May 20, 1993), p. 6.

tens of thousands of Chinese professionals in Canada, and these trainees as direct personal contacts are serving as a bridge between Canada and China for promoting trade relations. For example, the Canada-China Human Development Training Program started in 1983 and for 8 years, Canada has trained 815 young Chinese professionals. These professionals are mainly from the government units or from the national or provincial export and import departments. After a work/study training program in Canada of over one year, the young professionals return to China and play a linkage role for promoting bilateral trade and in other bilateral economic activities. As Monique Landry, Minister of External Relations, said during a Graduation Ceremony of the Chinese trainees, Canada has also benefited from the Trainees' presence. She encouraged all trainees to maintain their links with their Canadian hosts so that they will develop a true partnership between Canada and China.²³³

Another way that Canada has benefited from ODA to China is by tying much of the aid to the purchase of Canadian goods and services. According to Martin Rudner, "tied aid has had an obvious appeal to Canadian suppliers of goods and services. Tying yielded positive export protection, in effect, for uncompetitive suppliers and subsidies for aid-financed exports."²³⁴ Peter Wyse also points out that tied aid expenditures stimulate a demand for Canadian goods and services, which were subsequently sent to the Third

²³³ WUSC, QIAO (1988), p. 2.

²³⁴ Rudner, "Trade cum Aid," p. 131.

World.²³⁵ In Canada's ODA to China, 81 to 85 per cent of Canada's development assistance to China is tied aid. Thus naturally China has a great demand for Canadian supplies of goods and services while receiving development assistance from Canada. In this sense, the more development assistance Canada offers to China, the more goods and services China has to demand from Canada. And the more goods and services China demands from Canada, the more Canada can export to China.

The Marxist perspective on development assistance (particularly tied aid) might argue that Canada's ODA to China is for Canada's one-sided economic interests. As Teresa Hayter states "aid can act in more indirect and complex ways than as a mere bribe or concession to sweeten the pill of exploitation."²³⁶

It is true that 81 to 85 percent of Canada's ODA to China is tied aid. But according to Deng Xiaoping's philosophy, "it does not matter if a cat is black or white. If it catches mice, it is a good cat."²³⁷ Regarding Canada's aid to China, we can say that it does not matter if aid is tied or untied. If it contributes to the mutual benefits of donor and recipient, it is good aid. Canada's tied aid is not just for the one-sided economic interests of Canada. It also meets the needs of China's program of Four

²³⁵ *Ibid.*, p. 1.

²³⁶ Hayter, Aid as Imperialism, p. 7.

²³⁷ Jonathan Manthorpe, Citizen Asia Correspondent, "Cat and Mouse Capitalism," The Ottawa Citizen (Ottawa, January 15, 1994), pp. A-1.

Modernizations. From the previous examination, we can see that Canada's ODA has contributed to the economic development of China. And China is satisfied with Canadian development assistance.

According to Peter Wyse, the Government of Canada has stressed repeatedly that job creation and export promotion were important objectives of Canada's foreign aid program. The set of policies to give effect to these objectives could be termed tied aid policies, of which there were three primary components:

1. At least 65 percent of the bilateral non-food aid budget had to be spent on goods and services produced in Canada.
2. The bilateral non-food aid budget had to be at least 55 percent of the total non-food aid budget, with aid for multilateral institutions and for non-governmental organizations accounting for the remaining 45 percent.
3. Canadian aid was to go to Third World countries where Canada had "interests". This meant that aid went not just to countries that needed aid and could use it effectively, but to countries where Canada had export potential.²³⁸

In fact, a large amount of Canada's aid is not tied to the purchase of Canadian goods and services. Instead, it is for China's Human Resource Development programs. According to Anne Bernard, Charles Lusthaus and Paul McGinnis, compared to other donors, CIDA is the largest HRD contributor in China. CIDA's bilateral China HRD expenditures (1986-90) totalled \$85.1 million. This was 57 per cent of the \$150 million disbursed through the China Program.²³⁹ As Martin Rudner points out,

The strategic focus of the CIDA China program is on human

²³⁸ Wyse, p. 1.

²³⁹ Bernard, Lusthaus and McGinnis, p. 7.

resource development, with the aim of helping China overcome the constraints on knowledge and skills that limit its economic and social progress. Assistance is provided in sectors identified as areas of demonstrated Canadian capability, and where there are explicit prospective multiplier effects for China. The program strategy places emphasis on establishing human and institutional ties, which are intended to strengthen bilateral linkages between China and Canada.²⁴⁰

The above examination shows that tied aid is one of the reasons for Canada's trade benefit in China. But it is not simply for Canada's one-sided benefits. Canada's tied aid contributes to China's economic development as well.

2. Canada's ODA to China and Business Opportunities

Canada's ODA has cultivated China not only as a partner of trade, but also as a partner in other economic relations, such as investment opportunities and creation of Canada's domestic employment opportunities. According to Martin Rudner,

Growing private sector interest in doing business with China has resulted in increased use of CIDA industrial cooperation from Chinese economic enterprises and Canadian suppliers to make more provision for transfers of capital goods equipment under bilateral aid.²⁴¹

According to Mr. John Beggs²⁴² in his address presented at the Canada-China Trade Council (CCTC) Annual General Members'

²⁴⁰ Rudner, Canadian Development Assistance to Asia: Programs, Objectives and Future Trends, pp. 13-15.

²⁴¹ Ibid., p. 15.

²⁴² Program Manager, China and Pacific Asia, of the Industrial Cooperation Division of Canadian International Development Agency.

Meeting held in Montreal on November 27, 1991,

Although Canada is looking for benefits to the developing country - China - clearly, economic benefits at home are also important. The CIDA Industrial Cooperation Programme - or CIDA INC began modestly in China around 1981. In the first year of operation, Canada spent under \$0.2 million in supported Canadian private sector initiatives. In the intervening ten years CIDA has spent over \$42 million supporting Canadian industrial initiatives in China, out of a relatively small budget. With the \$42 million that CIDA has spent on China, Canada has leveraged somewhere between \$175 million and \$190 million in business back to Canada.²⁴³

The following are some specific examples of Canada's ODA to China and the Canadian economic benefits in return.

First, let's see how Canada benefits from CIDA's Chinese Open Cities Project. According to Brock Carlton,²⁴⁴ the CIDA-funded Chinese Open Cities Project has provided training in urban management, foreign trade, and international economics to over 1,000 Chinese officials and professionals in over 100 open cities. It has facilitated closer cooperation between Canadian and Chinese municipalities. The project has also increased economic and technical exchanges between Canada and China.²⁴⁵

According to Carlton, since participation in the Project in 1989 by the vice mayor of Xiamen, Fujian Province, the total

²⁴³ John A. Beggs, "CIDA Inc: China Programmes," "CCTC Eleventh Annual General Members' Meeting, Planning for the Year 2000: Access to Project Financing" CCTC Newsletter (Toronto: Canada-China Trade Council Publisher, Nov/Dec 1991), p. 29.

²⁴⁴ Director of the Chinese Open Cities Project of the Federation of Canadian Municipalities in Ottawa.

²⁴⁵ Brock Carlton, "Open Cities Project Partnership Offers New Prospects for Canadian Business," Canada China Business Forum (Toronto: Canada China Trade Council Publisher, March-April 1993), p. 10.

business volume between Canadian companies and Xiamen has eased 6.8 times, and now equals more than US\$10 million. Of this an investment by Canadians of US\$4.58 million is in Xiamen's tourism industry. Trade volume between Canada and Nantong, Jiangsu province, increased from zero to US\$4 million as a result of the visit to Canada of the Mayor of Nantong in 1990. Other cities as Jiaxing, Zhejiang Province, Qingdao, Shandong Province, and Yingkou, Liaoning Province, have in some cases established bilateral trade and business partnerships and in others purchased Canadian technology as a result of Project participation.²⁴⁶

The Chinese Open Cities Project has also secured US\$15 million worth of business for Phillips Cables in Brockville, Ontario from the past three years (1990-1992). The engineering sales manager of Phillips Cables has indicated that the Chinese Open Cities Project has been instrumental in securing US\$5 million worth of China business for the company in the past three consecutive years by "helping to put us in touch with municipal officials, mayors, and deputy mayors, and others we would not otherwise have had the opportunity to meet".²⁴⁷

The Canadian service sector in particular has benefited from the Chinese Open Cities Project. For example, Stanley Associates Engineering Ltd. of Calgary, Alberta, is in a good position to win contracts for the provision of computer controls, software, and other equipment for waste water treatment projects as a result of

²⁴⁶ I bid., p. 10.

²⁴⁷ Ibid., p. 10.

contacts made through study tours and the Project's support for municipal linkages. Bobrow Architects of Montreal, Quebec, is negotiating contracts for the provision of architectural planning, design computerization, and engineering expertise to a Chinese provincial architectural institute, as a result of involvement in a study tour.

Private sector firms and the service industry have also benefitted from the municipal relationships supported by the Chinese Open Cities project. In cooperation with the Regina Economic Development Authority, an engineering consortium has completed a study of the Xiaoqing River in Shandong Province, including a feasibility study for the clean-up of the river. As a result, the engineering consortium and the City of Regina are now discussing the construction of a sewage treatment plant in Jinan, Regina's twin city and the capital of Shandong, and implementation of other recommendations made by the consortium.

The Mayor of Calgary estimates that \$100 million in sales of equipment and services has resulted from Calgary's relationship with Daqing, Liaoning Province. The range of activities between the two cities includes provision of engineering services, educational exchanges, oil and gas projects, construction projects, computer software sales, provision of seismic and geological survey equipment, and environmental engineering consulting and equipment. In addition, Calgary has established a "China Consortium" of six private sector firms and Mount Royal College to participate in the planning, design, and construction of a water treatment and waste

water management facility. The work on this facility has brought \$6.63 million to the "China Consortium" members. Similar work has been done by Calgary firms in Changchun, Jilin Province. The Chinese Open Cities Project has supported the development of these activities through its support to municipal relationships.²⁴⁸

Carlton points out that the Chinese Open Cities Project involves Canada in the most dynamic geographic areas of China, the open cities that are at the forefront of economic reform and modernization.

These cities have experienced high growth rates as well as rapid increases in foreign trade, and they carry an increasing weight in the Asian political economy. The selected geographic focus of the project will be of assistance to the Canadian private sector in strengthening its links with these areas that offer, by far, the greatest prospects for trade and investment in China. The continued partnership between FCM and CCTC through Phase II will prove beneficial to both Canada and China by integrating urban planning, environmental management, and municipal economic development with activities designed to stimulate relations and build mutually beneficial spin-offs.²⁴⁹

Secondly, as to agriculture, according to Mr. Michael E. Perrault,²⁵⁰ China is an important market for Canadian agricultural commodities, with significant export potential for many other agricultural products and related equipment and services. Wheat still dominates Canada's commodities exports with \$831.1 million in sales in 1990. China could emerge as a

²⁴⁸ Ibid., p. 11.

²⁴⁹ Ibid., p. 11.

²⁵⁰ Director of the East Asia Trade Division of External Affairs and International Trade Canada.

significant market for Canadian malting barley. The growth of foreign joint venture malting houses and brewing facilities in China will lead to increased import requirements for quality malting barley from Canada. The sustained agricultural use of grasslands and the need to improve dry-land farming methods are areas where China could benefit from Canadian technology. There is a growing demand in China for imported edible oils, and Canada is promoting the use of high-quality canola seed and oil as substitutes for imported soyabean and palm oils. The Canadian companies producing edible oil equipment and technology have had some successes and are currently pursuing several projects.²⁵¹

Thirdly, regarding transportation, let's look at an example in railway and urban transit. Current development plans to upgrade and expand China's railroad capabilities by electrification, computerization, traffic management and communications systems, amounting to US \$300 million annually, provide additional opportunities for Canadian companies. Expansion of the existing urban transit systems in Beijing and new mass transit systems planned for Guangzhou, Dalian, Wuhan, Tianjin and Chongqing will provide new opportunities for Canadian manufacturers of rolling stock, and control and communications equipment, as well as consulting firms. There have been recent Canadian successes mainly in the sale of telecommunications and management systems.²⁵²

²⁵¹ Michael E. Perrault, "Opportunities in Key Sectors Call for Innovative Strategies: China - A Sectoral Trade Update," The Canada China Business Forum (Toronto, Nov./Dec. 1991), p. 41.

²⁵² Ibid., pp. 42-43.

Fourthly, concerning telecommunications, China plans to import advanced technology and establish production lines for program-controlled exchange facilities, and for digital microwave, optical-fibre and satellite communication systems. China imported US \$980 million in telecommunications equipment from Canada in 1990, and is expected to double imports by the year 2000.²⁵³

Fifthly, in forest products, CIDA has two long-term projects in forest and forest fire management. Canadian supplies continue to win substantial pulp and paper equipment and technology contracts on an ongoing basis. Opportunities exist for equipment and technology which utilize local materials such as bamboo, straw and bagasse. As China's wood resources are limited, China will still require imports of higher quality wood-based pulp.²⁵⁴

The above examples have shown that Canada has also benefited from development assistance to China also by cultivating China as a partner in business relations.

3. Canada's ODA to China and Employment Creation

The above examination illustrated that Canada has benefited from contributing development assistance to China by cultivating China as a partner in trade and as a partner in business relations. This part will briefly show how Canada's ODA to China also benefits Canada in creating domestic employment opportunities.

²⁵³ Ibid., p. 43.

²⁵⁴ Ibid., p. 44.

Since Canada started development assistance to China in 1981/82, there have been about 100 projects in the program. There is no way to know how many Canadians have been employed in CIDA and other organizations involved in those projects. And we will never know how many Canadians have been employed to be involved in the trade and business activities generated by Canada's ODA to China. However, from the following example of the Government statistics, we will be surprised to see the employment opportunities to Canadians in doing business with China.

Since Canada started development assistance programs in China, the Canadian government also developed some financial programs, such as Export Development Corporation (EDC) loans, to assist China in development efforts. China also regards the loans from EDC as Canada's ODA to China.²⁵⁵ The EDC has played a positive role in the development of Sino-Canadian economic relations. Some examples from the EDC programme in the second half of February of 1993 have been selected. These examples will show the mutually beneficial economic interests both to China and Canada:

Between February 19, 1993 and February 26, 1993, Michael Wilson, Minister of Industry, Science and Technology and Minister for International Trade, announced successively that the Government of Canada, through the EDC, will lend up to US\$ 80 million to China to finance the sale of digital telecommunications equipment and related services by Harris Farinon Canada, Inc; the sale of digital

²⁵⁵ Xu Zhaolong, "China International Trust and Investment Corporation (CITIC) : Sino-Canadian Business Relations." Canada China Trade Forum (Toronto, Nov./Dec. 1991), p. 30.

switching systems by Northern Telecom Canada Limited (NTCL) to China; Canadian Industrial Consortium's sale of pulp mill equipment and related services to the Shaowu Paper Mill in China's Fujian Province; Sterling Pulp Chemicals Ltd's sale of equipment and services to the China National Overseas Trading Corporation, for a sodium chlorate crystal plant; Hymac Ltd's sale of equipment for a 150-TPD thermos-mechanical pulp mill for the Guanzhou Paper Mill in China's Guangdong Province.

Michael Wilson stressed that the projects are directed toward civilian needs in China, and the projects offer direct people-to-people exchanges. From the above examples, we can see that with a government loan of up to US\$ 80 million to China, Canada created about 2435 person-year of employment opportunities.²⁵⁶

The above examination shows that Canada's ODA to China has been for mutual interests to China and Canada. On the one hand it assisted China's development in key sectors and on the other hand it cultivated China as a partner of trade and other economic relations. The above study positively supports our argument based on the liberal interdependence approach that Canada's ODA to China is for the mutually beneficial interests of both Canada and China.

²⁵⁶ Dept. of External Affairs, Canada, News Release (Ottawa, February 1993), No. 37, No. 38, No. 45, No. 46, No. 47.

CHAPTER V: CANADA'S ODA TO CHINA AND HUMAN RIGHTS

In chapters III and IV I have examined Canada's development assistance policy towards China and the mutually beneficial economic interests to both China and Canada. In this chapter I will shift the focus to Canada's policy of linking development assistance with human rights and the case of China. From the study of this chapter, we will see that the liberal interdependence approach not only argue that development assistance is for mutually beneficial interests to donor and recipient, but also argues that ODA is for encouraging respects for human rights. According to CIDA's report on Strategy in Asia, one of CIDA's five program priorities for CIDA's development in Asia is "to encourage respect for human rights and promote good governance."²⁵⁷

There will be two parts in this chapter. The first part will study the concept of human rights, the arguments of different approaches to the relations between development assistance and human rights and also Canada's policy of linking development assistance with human rights. The second part will study the China case of Canada's ODA and its link with human rights.

1. CANADA'S POLICY OF LINKING ODA WITH HUMAN RIGHTS

In this part I will first examine the concepts of human rights from the Chinese perspective and the Western perspective. Secondly,

²⁵⁷ CIDA, Programs in Asia - China (June 1993), p. 2.

I will study the different approaches to studying the relationship between development assistance and human rights. And thirdly, I will discuss Canada's policy of linking development assistance with human rights.

There is a wide difference between the Chinese and the Western perspectives on the concepts of human rights. The Chinese emphasizes more on economic and social rights while the West usually emphasizes civil and political rights. Hungdah Chiu says that "the concept of human rights, according to the Marxist theory, is of bourgeois origin but has served a useful purpose, enabling the proletariat to demand certain rights from the bourgeoisie."²⁵⁸

Chinese scholar Guo Shan said that "with the establishment of a Communist state, the people become the masters of themselves; therefore, there should be no human rights problem in a Communist state."²⁵⁹ An October 26, 1979 article entitled "Notes on the Human Rights Question," written by 'commentator,' the pseudonym for a senior Communist official, appeared in Guangming Ribao (Enlightenment Daily), the major Chinese newspaper for intellectuals. It states:

'Human rights' is ... a slogan with which imperialism and the bourgeoisie attack our proletarian dictatorship and

²⁵⁸ Hungdah Chiu, "Chinese Attitudes toward International Law of Human Rights in the Post-Mao Era," in Victor C. Falkenheim, ed. Chinese Politics from Mao to Deng (New York: Paragon House, 1989), p. 260.

²⁵⁹ Ibid., pp. 260-261. Also see Guo Shan, "China's Role in Human Rights Field," Beijing Review, Vol. 30, Nos. 5 & 6 (Beijing, Feb. 9, 1987), p. 23.

socialist system. Looking at socialist democracy, which combines centralism with democracy and discipline with freedom, from the viewpoint of bourgeois individualist freedom, they attack socialist countries as granting no human rights to their people. They slander measures under the dictatorship of the proletariat (such as the suppression of counterrevolutionaries) as violations of human rights. We must resolutely refute all these attacks and slanders.²⁶⁰

The article also notes, however, that the proletariat can use the human rights slogan as a weapon against the bourgeoisie. Guo Shan also said,

China supports the international community in showing its concern about large-scale human rights violations in an appropriate manner in order to help improve and promote human rights situations in these countries.²⁶¹

Guo Shan also points out that China believes that in the field of human rights, as with other things, the way one country handles its human rights issue should not be held up as a model for all other countries to follow, neither should it be the sole criterion for judging other countries' human rights situations. China opposes external interference in a country's internal affairs on the pretext of safeguarding human rights.²⁶²

Most recently, as Mr. Liu Huaqiu, deputy Minister of the Chinese Ministry of Foreign Affairs, stated at the World Conference on Human Rights in Vienna on June 15, 1993, the concept of human rights is a product of history. It is closely related to certain social, political and economic conditions, and to a nation's

²⁶⁰ Beijing Review, Vol. 22, No. 49 (Beijing, Nov. 9, 1979), p. 18.

²⁶¹ Guo Shan, p. 23.

²⁶² Ibid., p. 23.

specific history, culture and concepts. During various period of historical development, there are various demands for human rights. Under different development stages or with different historical traditions and cultural background, countries have different understanding and practice of human rights. Therefore, it is impossible or it won't do to make certain countries' standard of human rights as absolute models and have other countries all over the world to follow.²⁶³

The above discussion from the Chinese scholars and officials shows that the concept of human rights is characterized by the class struggle between the proletariat and the bourgeoisie and also the conflicts between the socialist and capitalist countries. Whereas, the western concept of human rights has a different character. In general, the western concept of human rights emphasizes individuality and universality. According to Martin Rudner,

Human rights represent the universally recognized standards of equity for society. Human rights are therefore also pertinent to development, and specifically to the development goals of reducing inequalities and promoting social justice among members of developing communities.²⁶⁴

Rhoda E. Howard²⁶⁵ said that human rights can be defined

²⁶³ "China on Human Rights," People's Daily, Overseas Edition, (Beijing, June 17, 1993), p. 1.

²⁶⁴ Rudner, "Human Rights Conditionality And International Development Co-operation", p. i.

²⁶⁵ Rhoda E. Howard, "Civil-Political Rights and Canadian Development Assistance," in Irving Brecher, ed. Human Rights, Development and Foreign Policy: Canadian Perspectives (Halifax:

briefly as the rights one has simply because one is a human being.

Howard said,

Rights are held by individuals. Rights are the titlements, against other citizens but especially against the state. Rights constrain the state either to refrain from or to engage in certain actions.²⁶⁶

The Canadian Council of Churches also assumes,

All people everywhere, regardless of their ideological, cultural, or political system, wish to be free from disappearance, from arbitrary arrest, detention, torture and extra-judicial execution and from state-sponsored racial discrimination.²⁶⁷

According to the Universal Declaration of Human Rights 1948,

Everyone is entitled to all the rights and freedoms set forth in this Declaration, without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status....Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers....Everyone has the right to freedom of peaceful assembly and association.²⁶⁸

Jack Donnelly also argues that human rights are universal.

According to him,

If human rights are the rights one has simply because one is a human being, as they usually are thought to be, then, they are held "universally," by all human beings. ...Human rights in the contemporary world are universal

Institute for Research on Public Policy, 1989), p. 356.

²⁶⁶ Ibid., p. 356. And see Rhoda E. Howard and Jack Donnelly, "Introduction," in International Handbook of Human Rights, pp. 1-28.

²⁶⁷ Ibid., p. 357.

²⁶⁸ Universal Declaration of Human Rights 1948, United Nations, in Ian Brownlie, ed. Basic Documents on Human Rights (Oxford: Clarendon Press, 1971), p. 108.

in another sense: they are almost universally accepted-- at least in word, or as ideal standards.²⁶⁹

Donnelly says that the most widely known international document, cited with almost universal approval by both states and human rights activists, is the Universal Declaration of Human Rights (1948). Half the world's states have undertaken international legal obligations to implement these rights by becoming parties to International Human Rights Covenants, and almost all other nations have either signed but not yet ratified the Covenants or have otherwise expressed approval of and commitment to their content.²⁷⁰

With the above study of the difference between the Chinese and the Western concepts of human rights, I have developed my working concept of human rights related with development assistance in my research. In this thesis, when I talk about Canada's ODA to China with respect to human rights, I will be mainly talking about the human rights of the less fortunate Chinese people. More specifically, I mean the human rights of the Chinese bodily poorest people, the socially poorest people, the economically poorest people, as well as the civil and political rights of the Chinese people in general. I will elaborate these terms or working definition of human rights later in this chapter. Next I will examine the different approaches to the study of the link between development assistance and human rights.

²⁶⁹ Donnelly, Universal Human Rights in Theory and Practice pp.1-2.

²⁷⁰ Ibid., pp. 1-2.

In my study of the theory of international relations, I find that the three dominant approaches, realist, Marxist and liberal, attempt to address the issue of linking development assistance with human rights through different angles.

First, the realist approach argues that development assistance is designed to promote national interests in power politics. The realist approach does not think human rights can be the major guide to state action. Thus on the issue of development assistance, so long as the human rights issue does not hinder the donor's search for national interest in power politics, the realist approach will not consider human rights a pre-condition for offering development assistance. As Hans J. Morgenthau points out that "the main signpost that helps political realism to find its way through the landscape of international politics is the concept of interest defined in terms of power."²⁷¹ According to Noam Chomsky and Edward S. Herman,²⁷² for countries like Argentina, Brazil, Chile, Ethiopia, Indonesia, Iran, Philippines, Uruguay, etc, U.S. controlled aid has been positively related to investment climate and inversely related to the maintenance of a democratic order and human rights. Each of the countries was a major violator of human rights in the 1970s, but each received military and economic aid and police training assistance from the United States. Michael Klare concludes that,

²⁷¹ Morgenthau, p. 6.

²⁷² Noam Chomsky & Edward S. Herman, The Washington Connection and Third World Fascism. The Political Economy of Human Rights: Vol. I (Montreal: Black Rose Books, 1979), p. 45.

rather than standing in detached judgment over the spread of repression abroad, the United States stands at the supply end of a pipeline of repressive technology extending to many of the world's authoritarian governments. And despite everything this administration has said about human rights, there is no evidence that this pipeline is being dismantled.²⁷³

Kim Richard Nossal argues that trade and aid policies should not be linked to human rights. Nossal said,

I do not want to argue that aid and trade sanctions are inappropriate tools of statecraft because of national sovereignty. Rather, I would suggest that two other, more potent reasons should incline us to be sceptical about the appropriateness of sanctions as a proper response to human rights abuses. First, and most importantly, economic sanctions end up hurting the wrong people. Second, economic sanctions are an ineffective means of producing change in political behaviour. It is important to recognize that sanctions involving aid and trade linkages are tantamount to an act of war on another state.²⁷⁴

Nossal also points out that an ultra-realist conception of international politics, "in its most extreme and brutal form denies morality any part in the craft of state and therefore rejects a legitimate role for human rights considerations in the formulation of foreign policy."²⁷⁵ Nossal also said,

Case studies of Canada's relations with human rights violators suggest that Ottawa's policies are motivated by conceptions of Canada's "Strategic" interests. These are both direct (essential to Canada's economic or military security) and indirect (essential to the security interests of states to which Canadian policy

²⁷³ Ibid., p. 46.

²⁷⁴ "Should Trade and Aid Policies Be Linked to Human Rights?" in Dave Ward, ed. Crosscurrents: International Relations in the Post-Cold War Era (Toronto: Nelson Canada, 1993), p. 445.

²⁷⁵ Nossal, p. 47.

contributes).²⁷⁶

Nossal explains the above point with the example of Canada's human rights policy towards South Africa. Nossal said that it is not uncommon to attribute Canada's policy toward South Africa to indirect strategic interests.²⁷⁷ In the East-West rivalry, Canada assumes that white South Africa is on "our" (Canada's) side. Thus South Africa has the importance of denying the Soviet Union political hegemony in southern Africa and control over South Africa's strategic minerals, sea lanes, or ship repair facilities. Thus in the realist perspective, the Canadian government should be bound and constrained by its perceptions of a threatening international environment.²⁷⁸ Nossal also points out,

There would appear to be a relationship between the strategic importance of a state and Canada's propensity to pursue an activist policy on human rights. In the major cases of violations in the last decade, where "strategic concerns" have largely been absent, as in Uganda, Kampuchea, or Sri Lanka, Ottawa has taken a stiff stand against violations: where clearly identifiable strategic interests exist, it tended to play down violations. Canada's "considerable ambivalence" on South Africa, or its relatively muted expressions of concern about Indonesia's political prisoners and its invasion of East Timor, or its quiet diplomacy on human rights violations in Central America, or its indifference to violations in Iran in the 1970s can be linked to the strategic importance of the states involved.²⁷⁹

Thus, according to the realist approach, human rights are not

²⁷⁶ Ibid., p. 53.

²⁷⁷ Ibid., p. 52.

²⁷⁸ Ibid., p. 53.

²⁷⁹ Ibid., p. 54.

linked with development assistance if the recipient violators of human rights have the same strategic interests with the donor. So long as the recipient is on the donor's side of strategic interests, human rights issue in recipient countries is not important for offering development assistance to the recipient.

The Marxist perspective offers a different perspective on the issue of human rights and development assistance. In contrast with the realist approach, the Marxist approach argues that trade and aid policies should be linked to human rights. Human rights should be an important issue in development assistance for the purpose of helping the poor in recipient countries. Marxists criticize that present aid and trade policies of donor countries have failed to link development assistance with human rights, in particular, donor countries fail to pay attention to violations of human rights in recipient countries.

In contrast with Nossal, Robert Matthews and Cranford Pratt argue that trade and aid policies should be linked to human rights. Matthews and Pratt advocate that support for civil and political rights and for democratic participation should be a central objective of the foreign policy of democratic governments.²⁸⁰ According to them,

There is overwhelming evidence in a great many countries of wide-spread popular demands that governments be electorally responsible and that citizens be accorded the civil and political rights essential to a functioning

²⁸⁰ Robert Matthews and Cranford Pratt, "Human Rights and Foreign Policy: Principles and Canadian Practice," in Dave Ward, ed. Crosscurrents: International Relations in the Post-Cold War Era (Toronto: Nelson, Canada, 1993), p. 424.

constitutional democracy. As democracy and civil and political rights are also integral and important elements of the Canadian value system, it seems incongruous and wrong to advocate a stronger human rights component to Canadian foreign policy without placing a major emphasis on democracy and political liberties. Reinforcing this is a powerful argument that is increasingly influential in discussions on Third World development and on how countries such as Canada can best assist it. It is accepted more and more that respect for human rights and a fuller measure of democracy need to be seen as an intrinsic component of development.²⁸¹

Matthews and Pratt states that the argument is not so much that democratic governments are more likely to promote economic development. Rather it is that participation and human rights are every bit as much a component of development as is a rising GNP per capita. Thus Matthews and Pratt criticize that seen in these terms development assistance is just not adequately doing its job if it merely assists economic growth but fails to reflect a concern for human rights and democratic participation.²⁸²

Marxist criticisms mainly have the following reasons. According to Marxists, the donor countries undermine human rights because ODA is for the interests of the capitalist elite rather than for the grassroots or the poorest in recipient countries. Peter Wyse pointed out that in the recipient countries, only the few of elites, not the many of the mass benefits from the development process.²⁸³ Again take the example of South Africa. Nossal points out,

²⁸¹ Ibid., p. 439.

²⁸² Ibid., pp. 439-440.

²⁸³ Wyse, p. 48.

Structural Marxists argue that the Canadian government has a coincident interest with governments of other capitalist states in the maintenance of the capitalist system. This means participation in a broad coalition of capitalist states that have an interest in doing nothing that will precipitate collapse of the capitalist system in South Africa.²⁸⁴

Marxists also criticize that the human rights of the poor have been ignored by the donors in development assistance because the donors only focus on their own economic interests. As Teresa Hayter points out that aid could reasonably be expected to be development in and for the third world. But the imperialist countries were, on the contrary, stunting and distorting development in the third world through exploitation.²⁸⁵

In contrast, the liberal perspective rejects the arguments from both the realists and the Marxists. There are two themes in the liberal perspective on the relationship between development assistance and human rights.

First, the liberal perspective argues that development assistance is linked with human rights. As Bernard Wood, director of the North-South Institute, said:

All aid is or should be about human rights," since "it is supposedly an instrument for the promotion of economic and social rights and the basic standards of a minimum decent existence for those who do not have access to them."²⁸⁶

The second theme of the liberal perspective is that human

²⁸⁴ Nossal, p. 53.

²⁸⁵ Hayter, p. 7.

²⁸⁶ T.A. Keenleyside, "Development Assistance," in Robert O. Matthews and Cranford Pratt, eds. Human Rights in Canadian Foreign Policy (Montreal: McGill-Queen's University Press, 1988), p. 187.

rights policy of donor countries should be flexible or functional. According to Martin Rudner,

A human rights policy, like other foreign policy issues, must at times acknowledge compromise. To have a functional human rights policy as part of foreign policy, it is necessary to provide a more elastic concept of conditionality than just the absolute withdrawal of aid, which would be tantamount to a decision on eligibility/ineligibility, in extremis...The human rights conditions for development co-operation would have to be adjusted to the specific circumstances, standards and policy objectives for each recipient country.²⁸

The above study illustrates that there are mainly three approaches to the relationship between development assistance and human rights. The realists argue that human rights is not important in development assistance because national interests in strategic power-politics is more important. The Marxists argue that human rights should be important in development assistance so that the poorest can benefit, but the donors negate the importance of human rights for benefiting the elite-class or the donor's own economic interests. The liberal approach argues that development assistance is linked with human rights, but the human rights policy should be flexible.

With the above study of the different perspectives, I will examine the Canadian human rights policy in development assistance. What is the character of the Canadian human rights policy in development assistance? - Realist? Marxist? or Liberal?

²⁸⁷ Martin Rudner, "Human Rights Conditionality and International Development Co-Operation", Study prepared for CIDA under Contract No. 82-433/C335, Project No. 083/00009 (Ottawa, Jan. 1983), p. 77.

The linkage of human rights concerns and development assistance policy as well as foreign policy has been a persistent and controversial theme in the debate over Canada's international relations and it has increasingly focused on developing countries. This complex and evolving discussion evoked intense interest during the various development assistance policy and foreign policy reviews of recent years, and in September 1988 legislation was passed in Canada to establish in Montreal a new International Centre for Human Rights and Democratic Development.

According to CIDA's report To Benefit a Better World, the Canadian government finds it difficult to establish strict theoretical criteria in the field of human rights which would be operationally effective in development policy. As the Standing Committee on External Affairs and International Trade has emphasized, human rights questions are often intertwined in ideological or strategic issues. Such standards as currently exist internationally, in particular, the Universal Declaration of Human Rights and the International Covenants on Civil and Political Rights and on Economic, Social and Cultural Rights, are very general in nature. Because of the diversity of legal systems, social values and traditional structures in the countries in which CIDA functions, it is difficult to draw fixed and coherent rules in an area as controversial as human rights.²⁸⁸

However, in my research, I find that the liberal approach is most helpful in explaining the Canadian human rights policy in

²⁸⁸ CIDA, To Benefit a Better World, p. 50.

development assistance. According to this approach, Canada's policy links development assistance with human rights and the policy is flexible and functional. According to Allan J. MacEachen,²⁸⁹ Canada has stood firmly in defence of the Universal Declaration of Human Rights, and Canada has participated in the gradual process of elaborating new instruments based on enduring principles. MacEachen said,

Canada will not sell arms to any government whose human rights practices are wholly repugnant to Canadian values. Where gross violations of human rights or conditions of conflict make the provision of an aid program impossible, we are prepared to terminate or suspend our assistance, as we did in Uganda under Idi Amin and as we have done in El Salvador and Guatemala. But we do not break diplomatic relations, because it would serve only to deny us an important opportunity for contact and limit our principal objective of helping the poor, we cannot penalize the less fortunate for the errors of their governments.²⁹⁰

MacEachen also said that another way in which Canada helps the cause of human rights is through humanitarian assistance. Although Canada can sometimes stop violations of human rights, it is frequently impossible to repair the damage to society, to groups or individuals. Canada has responded generously to the victims of persecution. Canada's commitment continues, in the form of direct assistance to refugee organizations, in food aid and grants to non-governmental organizations, and in acceptance into Canada of

²⁸⁹ Allan J. MacEachen, Canada's Deputy Prime Minister and Secretary of State for External Affairs, "Human Rights and Canadian Foreign Policy," Statements and Speeches, No. 83/6 (External Affairs Canada, 1983), p. 4.

²⁹⁰ Ibid., p. 4.

thousands of persons displaced by a variety of wars and tragedies.²⁹¹

Monique Landry, Minister of External Relations, once talked about Canada's human rights policy and development assistance. According to her, Canada is moving ahead, both in foreign policy and in aid policy, to make human rights and other aspects of good governance in the broadest sense a central and vital part of Canada's relationship with the world, especially the developing world, where four people out of five live. Specifically, Canada is trying to give human rights more weight and make it a much more decisive factor in the choices Canada makes about Canadian aid, as an instrument of Canadian foreign policy, than ever in the past. Canada wants to put human rights, democratization and other factors which contribute to sound public management, at the very heart of Canada's development co-operation.²⁹²

CIDA's report, To Benefit a Better World, also states that respect for human rights is one of the most important conditions for development. The promotion of respect for human rights is also a fundamental and integral part of Canadian foreign policy. Consideration of the degree to which human rights are respected is undertaken in three ways as regards to the development cooperation program. According to the report,

In determining which countries are eligible for Canadian development assistance, the government ensures that where a pattern of systematic, gross and continuous human rights violations is present, government-to-government

²⁹¹ Ibid., p. 4.

²⁹² House of Commons, "Development and Human Rights," Issue No. 12 (Ottawa, Feb. 17, 1992), p. 7.

assistance will be denied or reduced. In countries where concern has been expressed about the degree to which human rights are respected, the Government will ensure that Canadian development assistance funds are used to support activities designed to alleviate the condition of those adversely affected. CIDA's Country Program Reviews will consider the extent to which human rights are respected. The Government will continue to use diplomatic pressure and persuasion to register its concerns and to direct the flow of development resources.²⁹³

The above study mainly emphasize the link between Canada's development assistance and human rights. The following study will reveal that Canada's human rights policy is also flexible or functional. T. A. Keenleyside says that it seems appropriate in any analysis of the role of human rights in the conduct of Canada's bilateral relations to examine its place in Canadian development assistance policy:

First, many of the globe's worst human rights offenders are developing countries; while Canada may have little influence on their behaviour, its aid programme - as one of the most important dimensions of Canada's relations with these states - is at least a potential instrument for the purpose. Second, aid (unlike withdrawal of commercial services, trade sanctions, and so on) is flexible; it needs not be confined to disciplinary use to punish gross violators (by the cessation of aid, for example) but can, with sensitivity and imagination in project selection, advance observance.²⁹⁴

CIDA's report, Sharing Our Future also emphasizes that Canada's human rights policy in development assistance should be flexible. According to the report, as a starting point in Canada's development assistance policies, assessments of human rights policies and practices will be made concrete factors in decision

²⁹³ CIDA, To Benefit a Better World, p. 27.

²⁹⁴ Ibid., p. 187.

making on aid determination. The report says,

While the Government intends to ensure that Canadian development assistance does not lend legitimacy to repressive regimes, it must also ensure that victims of human rights violations are not doubly penalized by being deprived of needed help in addition to being deprived of their fundamental rights. A constructive approach to human rights rather than a punitive one must recognize that development assistance, appropriately targeted, can contribute substantially to the cause of both development and human rights.²⁹⁵

The above study illustrates that Canada considers human rights an important issue in development assistance. Thus Canada has adopted a policy of linking development assistance with human rights. However, Canada's human rights policy is flexible. The following is a case study of Canada's development assistance to China and its link with human rights. The case study will further show that the liberal perspective fits well in explaining Canada's policy of linking development assistance with human rights in China.

11. LINKING AID WITH HUMAN RIGHTS--THE CASE OF CHINA

In this part, I will adopt the liberal perspective and examine the case of Canada's ODA to China and its link with human rights. The main argument in this part is that Canada's ODA to China is linked with Canada's human rights concerns and that the Canadian policy is flexible or functional for encouraging respects for human rights in China and for protecting the mutually beneficial

²⁹⁵ CIDA, Sharing Our Future, p. 31.

interests of both China and Canada.

There will be two sections in this part. First, I will discuss Canada's ODA to China and the Canadian concern of human rights in China. Secondly, I will discuss the Tiananmen crackdown and Canada's flexible human rights policy in offering development assistance to China.

The first theme refers to Canada's policy of linking development assistance to China with human rights. As mentioned earlier, my working definition of human rights in this thesis refers to the rights of the less fortunate people in China in terms of health, social position, economic conditions as well as civil and political rights in general. In the following study, I will show specific examples to illustrate the link between Canada's development assistance to China and human rights. From Canada's development assistance to China, we can see that Canada's ODA projects cover not only big projects but also specific small projects for the interests of the less-fortunate people in China.

First, Canada's development assistance to China is linked with the human rights of the bodily poorest people in China. For example, from 1986 to 1993, Canada contributed \$1.5 million to the China Rehabilitation Centre (CRC) as development assistance.²⁹⁶ In May 1986, Mila Mulroney, wife of Prime Minister Brian Mulroney, presented a cheque for 7,000 dollars to Deng Pufang, handicapped son of Chinese leader Deng Xiaoping, to help in production of teaching materials for rehabilitation workers in China. The money,

²⁹⁶ CIDA, Programs in Asia - China (June 1993), p.12.

which came from the Mission Administered Fund program of CIDA was used by the China Fund for the Handicapped to buy video and camera equipment to create teaching materials to train professionals and technicians working with the handicapped. While presenting the cheque, Mrs. Mulroney also expressed her pleasure that CIDA had approved a cooperative program between the China Fund for the Handicapped and the Ottawa Civic Hospital that would bring up to 60 Chinese doctors to Canada to be trained for a new rehabilitation centre for the handicapped being constructed in Beijing.²⁹⁷

The objective of the Rehabilitation Project is to improve rehabilitation of the physically disabled in China. Training is provided in Canada to staff members of the DCRC in a variety of rehabilitation specialties. CIDA funding, together with contributions from the LCRC and Ottawa Civic Hospital, covers costs of training 60 staff, technical missions for CRC officials, and some 14 person-months of Canadian teaching in China.²⁹⁸

Secondly, Canada's development assistance to China is linked with the human rights of the socially poorest people in China. Canada contributes \$5 million to All China Women's Federation for the Project of Women in Development from 1990 to 1994.²⁹⁹

According to the book, Women in China,³⁰⁰ in ancient China,

²⁹⁷ Office of the Prime Minister, Canada, Release (Ottawa, May 10, 1986), pp. 1-2.

²⁹⁸ CIDA, Programs in Asia - China (June 1993), p. 12.

²⁹⁹ Ibid., p. 13.

³⁰⁰ Women in China, China-Facts & Figures (Beijing: New Star Publishers, 1990), p. 1.

women had no rights. The patriarchal family system, in which men were superior to women, was the cause of great suffering amongst women. It also says in the book Human Rights in China³⁰¹ that in old China, women, who accounted for half of the nation's total population, not only suffered class oppression, but also had no rights in the family, because of failure to gain economic independence. Those who were able to find jobs in society were subjected to every kind of discrimination.

In China today, women have been officially recognized as "Half of the Sky," since they represent nearly half the total population of over 1.1 billion. Such a recognition has greatly contributed to improving their existence from a legal point of view. However, it is taking a long time to actually change attitudes. In fact, even though women are now legally equal to men, the firm belief persists in practice that, "Men are more capable than women and can do more for society."³⁰²

The objective of CIDA's Women in Development Project in China is to meet the current challenge of integrating women into the mainstream of economic modernization. This project assists the All China Women's Federation (ACWF) to increase cooperation with multilateral and bilateral donors. The project directly supports

³⁰¹ Human Rights in China, Information Office of the State Council of the People's Republic of China (Beijing, November 1991), p. 45.

³⁰² Marie Louise Lefebvre, "The Involvement of Women in HRD Projets in China: Status and Prospects," A Review of Human Resource Development in China, Concept Papers on Various Aspects of HRD in China Commissioned by CIDA, Appendix I, (Hull, Quebec, 1992), p. 8.

income-generating and training projects for women. It also strengthens the ACWF staff by providing training at various organizational levels and staff colleges within its vast structure, which covers every province and autonomous region in China.³⁰³

According to Marie Louise Lefebvre, in concrete terms, the HRD programme manages projects in training, education, skill building and management designed for students, trainees and executives from the agricultural, forest, energy and transport, and communications sectors. All of these projects must include a strategy of Women in Development. It is possible to examine benefits at the level of input; women have access to scholarships, training, scientific equipment, etc. But, it becomes more difficult to measure benefits in terms of output: advantages of individual assignments for women, collective benefits in terms of health, salaries, improvement of material working and living conditions, etc.³⁰⁴

Thirdly, Canada's development assistance to China is linked with the human rights of the economically poorest people in China. Canada has contributed \$10.6 million to Huining Economic Development Project from 1989 to 1994.³⁰⁵ Through the provision and sale of Canadian potash, this project assists the Government of China in funding a program of rural economic development in Huining County in the interior province of Gansu, one of China's poorest and most remote regions. CIDA-funded potash is sold within China by

³⁰³ CIDA, Programs in Asia - China (June 1993), p. 13.

³⁰⁴ Ibid., p. 6 and p. 10.

³⁰⁵ Ibid., pp. 17-18.

the state chemical agency, SINOCHEN, with the proceeds going into a local currency counterpart fund. The counterpart fund is used to co-fund (along with the Government of China) a number of sub-projects aimed at raising the income and grain supply of the poorest families in Huining County.

The project is being implemented by the Government of China and the local authorities in Gansu Province. A committee co-chaired by CIDA and the Chinese Ministry of Foreign Economic Relations and Trade (MOFERT) selects the sub-projects to be funded. The first shipment of Canadian potash arrived in China in spring 1989; selection and funding of the rural development sub-projects commenced in the spring of 1989; and a second, final shipment of potash arrived in the spring of 1990.³⁰⁶

Apart from the Huining Potash project, Canada's development assistance to China also includes a Canada Fund for Local Initiatives. This Fund is administered by the Canadian Embassy in Beijing and is designed to provide financial support to small, locally based organizations. The Fund has an annual budget of \$500,000 for 30 to 40 projects, and is directed at groups in the poorest provinces in China.³⁰⁷

The above examples show that Canada's ODA to China is linked with human rights of the less fortunate people in China in terms of the bodily poorest, the socially poorest and the economically poorest. However, there might be arguments that Canada's ODA to

³⁰⁶ Ibid., p. 18.

³⁰⁷ Ibid., p. 26.

China has not much to do with encouraging respects for civil and political rights in China. As Rhoda E. Howard has pointed out,

Canada, in adopting its new international human rights initiative, has recognized the fundamentally political nature of all rights.³⁰⁸

Although Canada's ODA has no specific projects for encouraging respects for civil and political rights in China, Canada has made efforts to assist the development of the legal system in China. For example, CIDA's Canada-China Human Development Training Program also include trainees from the Law Committee of the Chinese National People's Congress. The Chinese trainees come to Canada and receive training at Queen's University and also to practice law at Canadian law firms and government bodies. During the study and practice of laws in Canada, the Chinese trainees also have the opportunity to study the concepts of respects for civil and political rights in Canada. The study and practice of law in Canada may influence the Chinese trainees after they return to China and contribute to the improvement of the Chinese legal system. Thus the training of Chinese law professionals also lays a foundation for encouraging respects of civil and political rights in China.

The above study has shown that Canada's development assistance to China has included projects which promote human rights. The specific examples have illustrated that Canada's ODA projects have encouraged the Chinese government to show respects for the less fortunate people in China and to make efforts to improve their

³⁰⁸ Rhoda E. Howard, "Civil-Political Rights and Canadian Development Assistance," pp. 367.

conditions through the development of China's economy.

Canada's concern about China's respect for human rights in terms of civil and political rights was mainly sparked by the Tiananmen Crackdown in June 1989. Canadians were deeply shocked by the tragic end to the demonstrations in Beijing's Tiananmen Square. The military crackdown in China resulting in heavy civilian casualties, and the subsequent campaign of repression have strained Sino-Canadian relations. Since 1989, Canada remains concerned about the human rights situation in China.

According to the liberal interdependence perspective, Canada's policy of linking ODA to China with human rights is flexible. Because of being flexible, Canada's human rights policy towards China after the Tiananmen was characterized by both stick and carrot, punishing the violators of human rights while avoiding doubly penalizing the people and avoiding the loss of Canada's economic interests in China.

The Canadian ambassador was withdrawn from China to express the Canadian government's horror at the massacre soon after the Tiananmen. On June 30, 1989, Joe Clark, former Secretary of State for External Affairs, announced that Canada would continue to avoid high-level contacts as Canada expressed its profound disapproval of repression in China. Clark said that the existing links forged by government, industry and academics over the past decade should be preserved as much as possible, but any programs which benefit or lend prestige to the current hard line policies of the Chinese

government should be avoided. The measures Clark outlined included:³⁰⁹

- * Suspension or continued suspension of seven planned Canadian International Development Agency programs worth about \$65 million.
- * Suspension of Canadian involvement in studies for a \$13.2 billion water diversion and hydro-electric project or the so called "The Three Gorges Project". The Canadian government had committed \$3.6 million for environmental and population impact studies.
- * Cancellation of an Export Development Agency-sponsored television facility Clark described as "clearly supportive of China's state propaganda apparatus," and a request to the CBC to suspend an agreement on joint production of radio and television programming with Chinese state radio.
- * An effort with Radio Canada International to boost Mandarin-language news broadcasts into China.
- * A tightening of old restrictions on exports to China of strategic goods and suspension of funding for China-hosted trade shows and exhibitions for the rest of year 1989.
- * Downgrading Canada's trade representation in Beijing and continued deferral of high-level contacts with the Chinese government.
- * Enlarging the capacity to handle potential immigrants to Canada in Beijing and Shanghai.
- * Continued pursuit of human rights in China through various United Nations agencies and an enhancement of human rights monitoring at the Canadian Embassy in Beijing.

Clark also said that the Canadian government would provide up to \$1.5 million to help the 4,500 Chinese students in Canada.

However, following the Tiananmen Crackdown, Canada, unlike many other Western countries, did not suspend its bilateral aid program with China. In accordance with Clark's statement of June 30, 1989, however, all proposed projects have been scrutinised on the basis of three criteria: (1) no support for the military,

³⁰⁹. Roy Wood, "Clark Slaps Sanctions on China to Vent Canada's Disapproval," Canada Financial Post, (July 1, 1989).

security or propaganda apparatus; (2) encouragement of the preservation of existing academic, business and cultural links so as not to isolate the Chinese people; and (3) focusing new initiatives on people-to-people exchanges. According to the Globe and Mail (July 1, 1989) the federal government modestly reduced its economic development aid to China to show further disapproval of the Chinese government's repression of reform movements. Three aid projects were dropped including one in progress. However, almost all of the \$98.4 million in development aid that Canada extended in 1988 to China directly or through international agencies such as the World Bank would continue.³¹⁰

The emphasis of the CIDA program in China is on building human and institutional linkages between Chinese and Canadians, which has resulted in sizable numbers of state-sponsored Chinese students coming to Canada to study. Following the events in Tiananmen, many of those students opted to stay in Canada under special immigration measures announced by the Minister of Employment and Immigration. Chinese officials expressed their unhappiness that this "brain drain" frustrated the objective of CIDA training programs with the PRC. Aside from the issue of students, the Chinese government is pleased with Canada's aid program.

Canada could have ceased or suspended ODA to China like some of the other Western countries after the Tiananmen massacre in 1989. Instead, Canada modified her policy and continued her ODA to

³¹⁰ Ross Howard, "Ottawa Reduces Economic Aid to China," The Globe and Mail (Toronto, July 1, 1989), p. A-3.

present evidence to test the following rationales for aid:

1. Aid promotes improved economic policies and resource allocation in recipient countries.
2. Aid strengthens technical, managerial, institutional, and administrative capacity and thereby increases the efficiency of capital.
3. Aid achieves a straightforward income transfer from high to low income countries in circumstances inadequately served by the private market.
4. Aid protects consumption of the poor.³²¹

Lele and Nabi's rationales for evaluation fits very well with Canada's ODA to China. Canada's development assistance to China promotes China's improved economic reforms and the open-door policy. From the previous study of Chapter III, we have seen that the philosophy behind Canada's China program of development assistance is to build upon China's open door policy and its emphasis on modernization through technology transfer from the West. And the CIDA program promotes the transfer of technology through human resource development (HRD) to increase the skills, knowledge and productivity of the people. According to CIDA's China program, Canada's main intentions or objectives of ODA to China are mainly as follows:

First, Canada's Development Assistance to China intends to contribute to China's developmental efforts by supporting China's economic reforms and the open-door policy.³²² More specifically, (1) through transfer of technology, Canada's ODA intends to assist China to develop its human resources in key areas of development with agriculture, forestry, energy and transportation as the major

³²¹ Ibid., pp. 7-8.

³²² CIDA, Programs in Asia - China (June 1993), p. 5.

China after Tiananmen. According to the January 1994 "Discussion Paper for the Canadian Council for International Co operation's Foreign Policy Review,"³¹¹ China was held as a symbol of new Canadian resolve on human rights abuse after Tiananmen Square. "There cannot be business as usual," the Minister for External Affairs stated at the time. Total disbursements to China, however, actually increased after Canada's 1989 "suspension" of aid: \$35.2 million in 1989-90, \$72.7 million in 1990-91, \$66.02 million in 1991-92.³¹²

How shall we explain the "suspension" and the increase? In my research I find that the realist and the Marxist approaches are not adequate in explaining this Canadian flexible human rights policy towards China. The realist approach is not adequate because the realists do not think human rights are important in Canada's national interests of strategic power-politics. On the contrary, Canada does have a strong concern regarding China's human rights conditions. As shown above, following the Tiananmen crackdown, Canada scrutinised the proposed development assistance to China on the basis of three basic criteria. How can the realist approach explain that the criteria that Canada's ODA projects in China should have no support for military, security or propaganda apparatus? Like the realist approach, the Marxist approach is not adequate in the explanation either because the Marxists state that

³¹¹ Canadian Council for International Co-operation, "Fighting Poverty First: The Development Challenge" (Ottawa, January 1994), p. 8.

³¹² Ibid., p. 8.

the donor country does not have a human rights policy in development assistance in order to benefit the people. How can the Marxists explain that after Tiananmen, the criteria that Canada's ODA to China should focus new initiatives on people-to-people exchange and should not isolate the Chinese people?

One example shows clearly that political isolation or political pressures on China does not work on the progress of China's human rights. In January 1992, three Canadian Members of Parliament (from each federal party in the House of Commons), went to China to investigate the Chinese conditions of human rights and put pressures on the Chinese government to promote respects for human rights. As a result, they were expelled from Beijing for the accusation of violation of the Chinese regulations.

Thus I find that the liberal interdependence approach is very helpful in explaining Canada's flexible human rights policy towards China. According to this approach, Canada's development assistance to China is for mutually beneficial benefits. Thus the Canadian flexible human rights policy towards China is also for mutual benefits. More specifically, on the one hand it is for the benefit of the Chinese people, and on the other hand it is for the economic interests of Canada. Liberals believe that increased interdependence is the best way to promote human rights. Thus isolating China would be counterproductive.

First, the liberal human rights perspective argues that Canada should not doubly penalize the people in recipient countries. Human rights concerns should not lead to overall cut in Canada's

development assistance. Canada believes that respect for human rights can be promoted through economic development in recipient countries. According to a CIDA report, "it is the Government's view that a positive approach, rather than a punitive one, should be taken concerning human rights within the international development program."³¹³ As Monique Landry pointed out that Canada can agree on several important points:

that it would be wrong to focus on aid solely as a stick to punish wrongdoers, when Canada should see it as a creative instrument in the range of foreign policy options; Canada should work with others where possible to maximize our influence, but sometimes Canada has to stand up for Canada's principles; that aid can't be turned on and off like a light switch or a kitchen tap without costing aid dollars; that Canada's shared goal is to change behaviour over time by helping to create the attitudes, institutions, NGOs, and the whole infrastructure of a civil society within developing countries so that their progress on human rights will last because it grows out of the society itself.³¹⁴

Consistent with a liberal approach, Canada does not want to isolate China and Canada wishes to demonstrate its long term commitment to China's development. The limited reductions reflect the Canadian government's wish to send a message to the Chinese government without damaging programs that benefit individuals or the Chinese people, and its wish not to isolate totally the Chinese leadership from any contact with Western influence. The Canadian Ambassador to Beijing, Earl Drake, warned a House of Commons Committee that total economic and political isolation would not

³¹³ CIDA, To Benefit a Better World, p. 6.

³¹⁴ House of Commons, "Development and Human Rights," Issue No. 12 (Ottawa, Feb. 17, 1992), p. 7.

bring the current leadership to its knees, because China is highly self-sufficient.³¹⁵

Thus, despite the Chinese human rights record, CIDA and EDC (Export Development Corporation) projects have been continuing in China. Canadian policy makers believe that cutting all links encourages an inward-looking and potentially more dangerous China. Therefore, Canada has not sought to isolate the Chinese, as the Cultural Revolution in China (1966-1976) taught Canada that China's worst human rights abuses have occurred during its times of greatest isolation.³¹⁶ From the examples shown in chapter IV and the first part of this chapter, we have seen how China or the Chinese poor can benefit from Canada's ODA projects. Thus, if Canada suspends or ceases ODA to China, the Chinese people could be doubly penalized and Canada will lose influence on China's progress on human rights which Canada believes could grow out of China through economic development.

Secondly, according to the liberal interdependence approach, Canada's ODA has been for mutually beneficial relationships. Thus, Canada's flexible human rights policy towards China protects Canada's interests in China as well.

Martin Rudner has made a more realist argument and emphasizes the Canadian interest in geo-strategic politics. According to him,

Canada's reaction to the Tiananmen Square massacre mixed political remorse with realpolitik. The Government expressed diplomatic displeasure, and acted to grant

³¹⁵ Ibid., p. 7.

³¹⁶ Ibid., p. D-5.

refuge to Chinese students (who were already in Canada) along with the imposition of limited sanctions against China. These sanctions entailed the cancelling of certain bilateral exchanges and cultural agreements, and the postponement or cancelling of some aid commitments. Be that as it may, there was no intention of foreclosing on relations with China. After an initial interval of measure of sophistry, between China's political regime, which stood condemned, and the Chinese people, on whose behalf ties should be maintained. Canada wanted to keep the door to China opened, to preserve connections that Canadian foreign policy considered crucial for maintaining a geo-strategic equilibrium across the Asia Pacific region.³¹⁷

Some other writers make more Marxist arguments that emphasize more Canada's economic interests or commercial objectives that affect Canada's human rights policies. Fear of damage to the Canadian economy apparently limits the government's willingness to use economic coercion. In an examination of Canadian policy toward South Africa, Uganda, Argentina, Chile, and South Korea, Keenleyside and Taylor found general reluctance to engage in economic sanctions against violators with which Canada has substantial and growing commercial relations.³¹⁸ Keenleyside and Taylor could have added China to the list if their book were published at the present time.

In explaining Canada's interests with a flexible human rights policy towards China, it is true some people emphasize more on the political interests, while others emphasize commercial interests. In my view, we should not simply see the one-sided interests to

³¹⁷ Rudner, Canadian Development Assistance to Asia: Programs, Objectives and Future Trends, pp. 13-15.

³¹⁸ Nossal, p. 49.

Canada, we should emphasize more the mutually beneficial interests.

Canada is fully aware of the relationship between Mu Gua and "gems". Canada knows that cutting ODA to China will mean cutting the mutually beneficial trade and economic relations with China. As shown in the last chapter on Canada's ODA to China and the mutually beneficial trade and economic relations, Canada's ODA is not only beneficial to China, but also beneficial to Canada. As Canada has cultivated China as a partner of trade and other economic relations through development assistance, Canada cannot afford to end ODA to China although there is a strong concern for China's human rights. In other words, if Canada suspends ODA to China, Canada will lose the mutually beneficial relations with China, and thus will also lose Canada's influence on the progress of respect for human rights in China. As Matthews and Pratt have noted, using economic tools of statecraft to coerce offending governments into observing basic rights usually harms the economic interests of the state employing them.³¹⁹

The above is an examination of Canada's policy of linking development assistance with China. From the examination, we have seen that Canada's development assistance to China is linked with human rights concerns. We have also seen that Canada's human rights policy is flexible for the mutually beneficial interests of both China and Canada.

³¹⁹ Ibid., p. 49.

CHAPTER VI. EVALUATION

There might be suspicion that the data, the material and the examples selected for this thesis are in favour of the argument based on the liberal interdependence theory. Thus I have mainly studied Canada's development assistance to China and the mutually beneficial interests to both countries. China has benefited from Canada's development assistance for China's economic development. Canada has also benefited from the ODA program to China in cultivating China as a partner in trade and other economic relations as well as for encouraging respects for human rights in China. That is why this thesis has argued that the liberal interdependence theory fits well into the case study of Canada's development assistance to China.

There are various criteria for evaluating the achievements or intentions and results of development assistance. Some writers say that the evaluation can be done by testing rationales for development assistance. And some people say that we can evaluate the intentions and results by raising questions as criteria. In evaluating Canada's development assistance to China, I will use both the criteria of rationales and the criteria of general or specific questions.

According to Uma Lele and Ijaz Nabi,³²⁰ country studies

³²⁰ Uma Lele and Ijaz Nabi, "Concessionary and Commercial Flows in Development," in Uma Lele, ed. Transitions in Development, The Role of Aid and Commercial Flows (San Francisco: International Centre for Economic Growth Publication, ICS Press, 1991), pp. 7-8.

present evidence to test the following rationales for aid:

1. Aid promotes improved economic policies and resource allocation in recipient countries.
2. Aid strengthens technical, managerial, institutional, and administrative capacity and thereby increases the efficiency of capital.
3. Aid achieves a straightforward income transfer from high to low income countries in circumstances inadequately served by the private market.
4. Aid protects consumption of the poor.³²¹

Lele and Nabi's rationales for evaluation fits very well with Canada's ODA to China. Canada's development assistance to China promotes China's improved economic reforms and the open-door policy. From the previous study of Chapter III, we have seen that the philosophy behind Canada's China program of development assistance is to build upon China's open door policy and its emphasis on modernization through technology transfer from the West. And the CIDA program promotes the transfer of technology through human resource development (HRD) to increase the skills, knowledge and productivity of the people. According to CIDA's China program, Canada's main intentions or objectives of ODA to China are mainly as follows:

First, Canada's Development Assistance to China intends to contribute to China's developmental efforts by supporting China's economic reforms and the open-door policy.³²² More specifically, (1) through transfer of technology, Canada's ODA intends to assist China to develop its human resources in key areas of development with agriculture, forestry, energy and transportation as the major

³²¹ Ibid., pp. 7-8.

³²² CIDA, Programs in Asia - China (June 1993), p. 5.

sectors of concentration; (2) Canada's ODA intends to provide assistance in areas where Canada has strong capabilities and where there could be strong multiplier effects in China (i.e., where assistance provided by Canada could be replicated; (3) Canada's ODA to China intends to build up maximum human and institutional contact between Canadians and Chinese in key areas of the Chinese economy.³²³

Secondly, Canada's ODA intends to cultivate China as a partner in trade and other international relations.³²⁴

Thirdly, Canada's ODA intends "to encourage respect for human rights."³²⁵

The above shows that the intentions or motives of Canada's ODA to China have been for mutual benefits. On the one hand Canada's ODA is for the interests of China's development, and on the other hand, it is for Canada's interests in trade and other economic relations with China.

Apart from the criteria of rationales, some writers also say that development assistance can be evaluated by a system of criteria for appraising aid requests, and subsequently evaluating the efficiency and results of aid. R. H. Cassen raises the following general questions as criteria:

What does this tell us about aid, or at least that part of aid to which it applies? Here a number of questions

³²³ Ibid., p. 6.

³²⁴ CIDA, Programs in Asia - China (June 1993), p. 5.

³²⁵ Ibid., p. 2.

arise. Are the results trustworthy? Are the objectives satisfactory? What are the rates of return?³²⁶

In comparison with Cassen, Stephen G. Triantis³²⁷ is more specific in raising questions. According to him, at present it seems that the evaluation of Canada's aid usually follows lines which, to say the least, are too simple: has the expenditure of X million dollars been efficient? The answer is -- of course! There is a dam that Canada has built! And this has created goodwill for Canada!"³²⁸ But there are a lot more questions, and of a different kind, to answer in evaluating such expenditure. Triantis says,

First, what should such an expenditure be expected to do for the receiving country? How does it fit in the sectoral pattern of the country's over-all development? Did it meet the most pressing need for aid, e.g., help in meeting technological, organizational, transportation, or food bottlenecks? And help in creating a demand for capital rather than adding to the supply? Then at the project level, was that the best project and technique chosen on the basis of a cost-benefit analysis? Finally, what should such aid have done for Canada? Assume that the motives behind our aid are those suggested above. With respect to each of these motives, criteria can be developed for judging whether and how well our various aid expenditures serve them.³²⁹

The general and specific questions raised by Cassen and Triantis also fit the evaluation of Canada's development assistance to China. Thus in our evaluation of Canada's ODA to China, we can

³²⁶ R. H. Cassen, "Aid Evaluation - Its Scope and Limits," in C. J. Jepma, ed. North South Co-Operation in Retrospect and Prospect (London and New York: Routledge, 1988), p. 170.

³²⁷ Triantis, The Place of Foreign Aid in Development Strategy, p. 19.

³²⁸ Ibid., p. 19.

³²⁹ Ibid., p. 19.

establish the following criteria system of general and specific questions for evaluation:

1. What does Canada's ODA to China tell us about development assistance? Are the results trustworthy? Are the objectives satisfactory? And what are the rates of return?

2. Has Canada's development assistance to China contributed to the China's developmental needs? Has Canada's development assistance contributed to China's economic reform and the open door policy?

3. What should Canada's ODA to China have done to Canada? Has Canada's ODA achieved the objective to cultivate China as a partner in trade and other economic relations?

4. Has Canada's ODA successfully encouraged respect for human rights in China?

First, a review of Canada's development assistance to China has told us that Canada's ODA to China has been for mutually beneficial interests. From the previous chapters, we can see that Canada's objectives of ODA to China have achieved trustworthy results that China has benefited from Canada's ODA for China's economic development and Canada has also benefited from its ODA program by cultivating China as a partner of trade and other economic relations. And the rates of return from Canada's ODA to China have been high. If we say that Canada has offered 'Mu Gua' to China, we can say that Canada has got "Qong gem" from China in return. I will further elaborate these points in the following evaluation.

Secondly, Canada's ODA to China has been expected for contributing to China's developmental efforts. From the previous study of chapter IV, we have seen that Canada's ODA to China has been successful in contributing to China's economic reform and the open-door policy. The Canadian ODA fits very well in the sectorial pattern of China's overall development according to the strategy of China's modernization programs. From the overall study, we have seen that Canada's ODA has met China's pressing need for aid. Through transfer of technology, Canada's ODA has assisted China to develop its human resource in key areas of development with agriculture, forestry, energy, transportation, telecommunication as the major sectors of concentration.

Take the Human Resource Development program as an example. Canada has successfully fulfilled or has been running the following main projects in the Human Resource Development programs: Management Education; Human Development Training; Enterprise Management Training; University Linkage; Normal University Project; College Linkage; Women in Development; International Cooperation on Environment and Development; Auditor Training; Open Cities; Rehabilitation Centre; Language and Cross-Cultural Program and others. As mentioned in Chapter IV, compared to other donors, Canada is the largest contributor of Human Resource Development in China. CIDA's bilateral China HRD expenditures (1986 - 1990) totalled \$85.1 million. This was 57 per cent of the \$150 million

disbursed through the China program.³³⁰ All these projects meet the requirement of the Chinese government for the strategy of familiarizing its key people with western models of management and technology applications in order to realize the Four Modernizations in China.

According to J. Angela Patterson,³³¹ China's urgent need for skilled professionals of all kinds puts a particular emphasis on Human Resource Development. This has resulted in a major boost in Canada's Scholarship program. For a time, technology was thought to provide the answer to development. Experience has shown, however, that technology, i.e., one-time purchases of products or equipment, has a limited effect. Effective technology transfer is a complex, dynamic process of organizational interactions with the technological capacity as an integral component. The focus of this transfer should be the organization and its people.³³²

Take Management Education in China as a specific example in Canada's Human Resource Development program in China. According to

³³⁰ Anne Bernard, Charles Lusthaus, Paul McGinnis, "Overview of China HRD Concept Papers," in Anne Bernard, Charles Lusthaus and Paul McGinnis, eds. A Review of Human Resource Development in China (CIDA, March 1992), p. 7.

³³¹ J. Angela Patterson, "Post-Training Application And Dissemination of Acquired Knowledge And Skills," October, 1991. A Review of Human Resource Development in China, Concept Papers on Various Aspects of HRD in China Commissioned by CIDA (CIDA, 1992) p. 243.

³³² Ibid., p. 244.

John C. Cairns,³³³ Management Education is designed to address China's perceived needs. The Third Plenum of the Eleventh Central Committee of the Chinese Communist Party (December 1978) recognised that management must be upgraded. In this, there was awareness that the experience and practices of advanced foreign models would be helpful. The Chinese State Education Commission has estimated that by the year 2000, 8.5 million graduates in Management Education will be required. Of 23 million technical managers in China, only 20 per cent have received higher education, much of this probably of limited relevance to modern management requirements.

Despite ambivalence at certain levels, over 1000 Management Training Centres appear to be in existence throughout the country; 110 have been selected as Key Management Training Institutions, and 20 have been designated by the State Planning Commission as National Centres of Management Development, of which number 13 have now been chosen for programs by external donors. For China, as for CIDA, the need for Management Education and its role in shaping the future are clearly recognized.³³⁴

The development of advanced management skills is largely dependent on Management Education, which is essential for economic reform, for expanded international trade, and for the success of many of the existing and proposed joint ventures. In these and other areas, management education is the sine qua non for change

³³³ John C. Cairns, "Management Education in China, June 1991," in Anne Bernard, Charles Lusthaus, Paul McGinnis, eds. A Review of Human Resource Development in China (CIDA, March 1992), p. 85.

³³⁴ Ibid., p. 87.

and modernization.³³⁵

CIDA's China HRD objective since the early 1980s has been the multiplication of contacts at the thinking level. The focus has been on Chinese decision makers, with program delivery mechanisms largely based on institutional linkages and training. Management Education is directly relevant to China's Program's HRD objectives. In its attempts to upgrade the skills of Chinese decision makers, it is likely to have more impact, and to achieve a greater multiplier effect, than projects focusing on other issues. Emphasis on decision makers has the potential of fostering significant long term political, economic and trade relationships at both personal and institutional levels of value to both China and Canada. Management Education also brings with it Western ideas and practices; to the extent that these are acceptable and can be incorporated into Chinese management systems, they are likely to be beneficial.

The focus on decision makers however raises the issue: who are the decision makers? At what levels are they found? CIDA programs focus primarily on two groups of trainees - university students, normally at MBA level, and existing senior and mid level managers through in-service training. This latter group who are older, established, and already in positions of authority, are likely to possess more decision making ability, at least in the short run, than MBA graduates. The HRD objective of multiplication of contacts is exemplified by the three major Management Education projects.

³³⁵ Ibid., p. 87.

The project at the Anhui Enterprise Management Training Centre has been training enterprise managers since 1987. By March 1989, the China/Canada Management Enterprise Training Centre in Chengdu had, in addition to other activities, trained almost 1000 management personnel; of these some 738 were managers of enterprises, with 35 percent classified as senior managers.³³⁶ Multiplication of contacts is also a feature of the Canada/China Management Education Program, with 8 university linkages and 2 national programs involving approximately 50 institutions in Canada and China. These projects have attempted - and largely achieved - a broad impact, according well with HRD objectives.

The Canada/China Management Education Program provides both positive and negative aspects in its eight linkages and two national programs - well taught MBA course; exposure of large number of Chinese trainees to Canadian theory and classroom methods; introduction of new Chinese taught courses at most linkage institutions; successful short term programs in the National Executive Development Program (NEDP) for existing managers; introduction of a national level PH.D. program and the potential development of two PH.D. Centres.³³⁷

There are however significant omissions - the MBA programs have not integrated theory with Chinese practice in any systematic manner; joint research has proven difficult to implement, and the research component which should be a major element in a post-

³³⁶ Ibid., p. 86.

³³⁷ Ibid., p. 86.

graduate university program has in fact been minimal; the Chinese have not given priority to development and effective utilisation of library resources, an issue which in Canada would be considered essential. There has also been insufficient emphasis on institutional strengthening.³³⁸

Despite these shortcomings, the major component (the in-China MBA) has been highly successful, and graduates have had no apparent difficulty finding suitable employment, especially in the open cities and Special Economic Zones of the coastal areas.

The three year program, which signifies clear Chinese recognition of the value of the MBA, is well designed - it integrates young B.A. graduates with older trainees who are required to have four years or more work experience, and incorporates two years of course work and one year of research and thesis preparation. The research phase will be based on three to four months practical experience within an enterprise. By 1994, when the present phase ends, Chinese CCMEP II (Canada/China Management Education Program II) universities will be in position to offer this MBA with little if any Canadian input.³³⁹

Within CCMEP II, the second notably successful component has been the National Executive Development Program (NEDP). The one month China based courses are well designed, and the 80 participants each year, mainly enterprise managers and directors, are in excellent position to put their new-found skills into

³³⁸ Ibid., p. 87.

³³⁹ Ibid., p. 87.

practice. The program is especially effective in involving young Chinese faculty in the planning and preparation of teaching materials, an important step towards sustainability and long term commitment.

The Canada/China Management Education Program is essential for economic reform to take root in China. It is therefore important on terms of Canadian political, economic and developmental interests. To a considerable extent, CIDA's Management Education programs have been successful to date. Canada's management training provides one of the best opportunities to positively influence China's future, and justifies CIDA's support to China's economic reform and the open-door policy.³⁴⁰

The above example of Canada's Human Resource Development program has shown evidence that Canada's development assistance has been successful in contributing to China's economic development. Without Canada's ODA to China, China could not have benefited from the many Canadian development projects in key areas of China's human resource, agriculture, forestry, energy, transportation, telecommunication, etc. According to my calculation, Canada contributed to China over CAN\$381.94 million from 1981/82 to 1991/92 for China's developmental efforts (See Appendix I). According to CIDA's report, the Canadian program now ranks third among donor programs in China and represents CIDA's fifth largest

³⁴⁰ Ibid., pp. 93-97.

bilateral program.³⁴¹

Canada's development assistance to China has thus met the needs of China through the Human Resource Development projects. And Canada's ODA to China has emphasized on transferring Canadian managerial and technical skills to China.³⁴² The specific examples in chapter IV have shown how China benefits from Canada's Human Resource Development programs. Without Canada's ODA, China would not have benefited from the many programs which cover almost all the key areas in China.

Thirdly, what has Canada's development assistance to China done for Canada? How well has Canada's ODA to China served Canada's motives in cultivating China as a partner in trade and other economic relations? According to the liberal interdependence perspective, Canada's development assistance to China is for mutually beneficial interests. Thus, Canada's ODA to China is not only to the benefits of China, it is also to the benefits of Canada.

In the case of Canada's ODA to China, Canada has also gained benefits in return from China since 1981/82. In chapter IV, I have examined Canada's benefits mainly in the following economic areas: 1) Trade expansion and trade balance with China; 2) Economic opportunities for Canadian businesses; 3) Creation of domestic employment opportunities. The examples in chapter IV have shown

³⁴¹ CIDA, "Development Cooperation Program in China," (1991), p. 27.

³⁴² Ibid., p. 9.

that Canada needs for access the huge and fast-growing Chinese market and Canada's development assistance to China has well served the Canadian motives.

Canada's ODA to China has contributed to cultivating China as a partner in development and trade and other economic relations. According to David Gray, the partnership approach reinforces the concept of mutuality, but adds a requirement for "equality" or "parity" in the benefits of aid. Partnerships can operate at an informal level.³⁴³

Chapter IV has been mainly focused on Canada's ODA to China and the partnership relations in trade and other economic relations. From the data on Canada's exports, imports and trade surplus with China and from the many examples that Canada benefits from the projects of Canada's ODA to China as well as from the example of opportunity for Canada's domestic employment, we have seen clearly that Canada has indeed cultivated China as a partner in trade and economic relation.

According to CIDA's report, To Benefit a Better World, exports are about 30 percent of Canada's GNP.³⁴⁴ The Canadian External Affairs Department also says that exports build Canada.³⁴⁵ From chapter IV we have seen that since the start of Canada's

³⁴³ David Gray, "Institutional Linkages in China," (July 1991), in Anne Bernard, et. al., eds. A Review of Human Research Development in China (CIDA, March 1992), p. 22.

³⁴⁴ Ibid., pp. 6-7.

³⁴⁵ Copied by author from a poster at the Entrance of the Library of the External Affairs Department, Canada, October 1992.

development assistance to China from 1981/82, Canada's ODA to China has been growing in a general trend and at the same time Canada's trade with China has also significantly expanded. From 1981/2 to 1991/2 Canada offered a total value of CAN\$ 381.94 million development assistance to China. For the same period, the Canada China trade increased from CAN\$ 1237.563 million in 1981 to CAN\$ 4700.234 million in 1992. The Canada-China total trade from 1981 to 1991 was valued as CAN\$ 24,293.513 million. During the same period, Canada's export to China totalled CAN\$ 16,168.263 million and Canada's import from China totalled CAN\$ 8,125.250 million. Canada's total trade surplus with China from 1981 to 1991 was CAN\$ 8,043.013 million, almost half the amount of Canada's exports to China.³⁴⁶

The above shows that with Canada's ODA to China, Canada has successfully cultivated China as a trade partner. Without Canada's development assistance to China, there would not be such a good partner relationship of trade between Canada and China. In the process of China's development or modernization, China needs not only an open-door or pro-market policy, but also managerial skills, advanced foreign technology, equipment and financial support or investment. Canada sees the huge potential of the Chinese market and developed ODA programs to meet the need of China. Canada's ODA programs in China cover many fields from human resources to agriculture, energy, transportation, forestry and

³⁴⁶ The figures are the author's own calculation based on the collected data from Statistics Canada, CIDA, and the Department of the External Affairs.

telecommunications. Through these programs, Canada establishes institutional linkage with key areas in the Chinese economy. In particular, the Human Resource Development projects have trained tens of thousands of Chinese professionals in Canada, and these trainees as direct personal contacts are serving as a bridge between Canada and China for promoting trade relations.

Canada's ODA has cultivated China not only as a partner of trade, but also as a partner in other economic relations, such as business opportunities and creation of Canada's domestic employment opportunities. According to Martin Rudner,

Growing private sector interest in doing business with China has resulted in increased use of CIDA industrial cooperation from Chinese economic enterprises and Canadian suppliers to make more provision for transfers of capital goods equipment under bilateral aid.³⁴⁷

According to Mr. John Beggs³⁴⁸ in his address presented at the Canada-China Trade Council (CCTC) Annual General Members' Meeting held in Montreal on November 27, 1991,

Although Canada is looking for benefits to the developing country - China - clearly, economic benefits at home are also important. The CIDA Industrial Cooperation Programme - or CIDA INC began modestly in China around 1981. In the first year of operation, Canada spent under \$0.2 million in supported Canadian private sector initiatives. In the intervening ten years CIDA has spent over \$42 million supporting Canadian industrial initiatives in China, out of a relatively small budget. With the \$42 million that CIDA has spent on China, Canada has leveraged somewhere between \$175 million and \$190 million in business back to

³⁴⁷ Ibid., p. 15.

³⁴⁸ Program Manager, China and Pacific Asia, of the Industrial Cooperation Division of Canadian International Development Agency.

Canada.³⁴⁹

Chapter IV has provided evidence to that Canada benefits from offering development assistance to China in business opportunities. As Brock Carlton said that the CIDA-funded Chinese Open Cities Project has provided training in urban management, foreign trade, and international economics to over 1,000 Chinese officials and professionals in over 100 open cities. It has facilitated closer cooperation between Canadian and Chinese municipalities. The project has also increased economic and technical exchanges between Canada and China.³⁵⁰ For example, since participation in the Project in 1989 by the vice mayor of Xiamen, Fujian Province, the total business volume between Canadian companies and Xiamen has increased 6.8 times, and now equals more than US\$10 million.³⁵¹ The Chinese Open Cities Project has also secured US\$15 million worth of business for Phillips Cables in Brockville, Ontario from the past three years (1990-1992). Research in Canada has revealed that the engineering sales manager of Phillips Cables indicated that the Chinese Open Cities Project has been instrumental in securing US\$5 million worth of China business for the company in the past three consecutive years by "helping to put us in touch with municipal officials, mayors, and deputy mayors, and others we

³⁴⁹ John A. Beggs, "CIDA Inc: China Programmes," p. 29.

³⁵⁰ Carlton, "Open Cities Project Partnership Offers New Prospects for Canadian Business," p. 10.

³⁵¹ I bid, p. 10.

would not otherwise have had the opportunity to meet".³⁵²

The above evidence has shown that Canada's ODA to China has also benefited Canada. Without the ODA programs, Canada would not have benefited from the trade partnership relations and other economic relations with China.

Fourthly, ODA to China has encouraged respect for human rights in China. From Chapter V we have seen that Canada has adopted a policy of linking development assistance to China with human rights. And the Canadian human rights policy towards China is flexible for gaining mutually beneficial interests to both China and Canada. From the examples, we have seen that Canada has a strong concern with China's less-fortunate people, namely the human rights of the bodily poorest, the socially poorest, the economically poorest, and the civil and political rights of the Chinese people in general.

Although it is hard to estimate how much a role Canada's development assistance has played in the progress, from the following evidence, we will see that Canada's ODA to China has successfully encouraged respects for human rights in China.

Chapter V has shown that Canada's ODA to China has created projects to help the less fortunate people in China, in particular, the physically poorest, the socially poorest and the economically the poorest. Let's take the project of Women in Development as an example. From this example, we can see Canada's development assistance does work in the development of women in China.

³⁵² Ibid., p. 10.

According to CIDA's report, Canada contributed \$5 million to All China Women's Federation for the Project of Women in Development. According to a report in China Today of March 1990,³⁵³ the All-China Women's Federation makes efforts to organize and provide practical training to women in the over 300 poor rural counties which lag behind the rest of China's 2000 counties in becoming prosperous. Before the beginning of the readjustment of China's economy in 1988, women formed the mainstay of one-third of China's rural specialized households. The 35 million women employed by rural (mostly township and village-run) enterprises accounted for 40 percent of the total workers. Women also made up 24 percent of the self-employed workers in both urban and rural areas. In both collectively and privately owned enterprises, there are many enterprising and competitive women managers, and 50 of them have been named "excellent women entrepreneurs."³⁵⁴

The report also says that in the course of the present reform and economic readjustment, if women want to hold their own, they must improve themselves in terms of individual skills and education. They also have to acquire a new image of themselves--backed by self-esteem, self-confidence, independence and a go-getting spirit--instead of the old attitudes of subservience and doubt about their own abilities. They need help, education and encouragement in order to make the most of their talents and

³⁵³ "Protecting Women's Rights and Interests," China Today, North American Edition, Vol. XXXIX No. 3 (Beijing, March 1990), p.5.

³⁵⁴ Ibid., p. 5.

realize their own value. The Women's Federation at all levels plays a part not just by working directly with women but by alerting all segments of society to women's abilities and particular needs.³⁵⁵

A major aim of the federation is to represent and protect women's rights and interests and promote the equality between men and women. It is especially concerned about expanding women's opportunities to participate in governmental and political affairs. For many years, branches of the federation in many cities have established development and information centres on talented women. They have done a great deal to discover and recommend talented women, many of whom have been selected for responsible posts at different levels.

With the support of the Chinese government, the federation participates, on behalf of Chinese women, in the making of national and local laws, regulations and ordinances. This is to ensure that women's interests are not overlooked because of traditional influences and prejudices, and that they can enjoy the same rights as men. When the 1985 Inheritance Act was drawn up, for instance, the federation made sure it stipulated that women had the same rights as men in terms of owning, managing, selling, bequeathing and inheriting property. Given the employment discrimination against women by some units, the federation saw to it that the 1985 Regulations on the Labour Protection of Women included the rule that employer units cannot turn down women applicants if they have

³⁵⁵ Ibid., p. 5.

jobs suitable for them.³⁵⁶

Another example of the potash program also shows that Canada's ODA to China encourages China's respect for human rights of the economically poorest people in China. Canada has contributed \$10.6 million to Huining Economic Development Project from 1989 to 1994.³⁵⁷ Through the provision and sale of Canadian potash, this project has assisted the Government of China in funding a program of rural economic development in Huining County in the interior province of Gansu, one of China's poorest and most remote regions. CIDA-funded potash is sold within China by the state chemical agency, SINOCHEN, with the proceeds going into a local currency counterpart fund. The counterpart fund is used to co-fund (along with the Government of China) a number of sub-projects aimed at raising the income and grain supply of the poorest families in Huining County.

The above examples have shown evidence that Canada's ODA to China works well and has encouraged China's government to make effort in protecting human rights of the less fortunate people in China.

Despite of the above evidence, there might be argument that Canada's ODA to China has not been successful in encouraging respects for civil and political rights in China. This argument is mainly based on the tragic results of the Tiananmen crackdown of June 4, 1989 and the massive arrest of the student leaders.

³⁵⁶ Ibid., p. 5.

³⁵⁷ CIDA, Programs in Asia - China (June 1993), pp. 17-18.

It is true that Canada's ODA has no direct projects for encouraging China's respect for civil and political rights. However, the Canada-China Human Development Training Project does include trainees from the Law Committee of the Chinese National People's Congress. The training of these Chinese law professionals in Canada has laid a foundation for the trainees to make contributions to China's legal system including the laws for protecting civil and political rights.

The Tiananmen crackdown was a serious violation of civil and political rights. However, we should not ignore the fact that there has been slow but significant progress in respect for civil and political rights in China before and after Tiananmen.

From the time Canada started development assistance to China in 1981/82 to the time before Tiananmen in June 1989, there was a slow but steady process of change in China's respect for civil and political rights. As is well known, during the Chinese Great Cultural Revolution (1966-1976), there were serious violations of human rights in China. Even worse, the concept of human rights was not even popularly known in China at that time. By the end of 1970s, China started her open door policy and started her Four Modernizations program. With the policy of opening to the outside world, the Western concept of human rights also came to China together with the introduction of advanced science and technology from the Western world. As already shown, Canada started the ODA programs in China soon after China started the open door policy and China has benefited from the ODA through the window of learning in

Canada for new knowledge, new experience and new ideas of the western world. The concept of human rights as civil and political rights is surely one of the new ideas.

According to Hungdah Chiu,³⁵⁸ post-Mao China's interest in the 'human rights' question is prompted by the end of its self imposed 'isolation' policy and adoption of the so-called 'open door' policy of actively engaging in international intercourse and exchange. To do so, it is necessary for the Chinese government to renew its interest in international law in which the law of human rights is a growing area. Moreover, because human rights is frequently invoked or mentioned in international relations, it is a question which the PRC cannot avoid in its foreign relations.³⁵⁹

According to Andrew J. Nathan,³⁶⁰ in 1979, China began to attend meetings of the UN Human Rights Commission as an observer, and in 1982 it became a member. Once China entered the international economy under Deng Xiaoping, many forces pushed it toward convergence with the outside world across a wide array of institutions. China changed its banking, customs, communications, intellectual property rights protection, and other institutions to comply with world standards. China adopted a criminal code, criminal procedure code, an administrative litigation law, and other laws with provisions relating to human rights.

³⁵⁸ Hungdah Chiu, p. 245.

³⁵⁹ Ibid., p. 245.

³⁶⁰ Andrew J. Nathan, "Human Rights in Chinese Foreign Policy", Draft (July 1993), p. 10.

In 1983, Chinese scholar Li Zerei gave three reasons why it is necessary to study the law of human rights. According to him,

1. Respect for human rights is one of the purposes of the United Nations and our country as a permanent member of the United Nations has the obligation to correctly maintain and execute the "Charter of the United Nations" and related documents on human rights in order to truly "promote the respect for human rights."
2. It is only after World War II that the question of respect for human rights has become a matter of international concern, so there are many new legal problems relating to the law of human rights waiting to be studied.
3. Each foreign scholar has his or her own view on human rights, while we should take a Marxist position, viewpoint, and method to study this subject. We consider that only through this process can we give the question of human rights law a scientific interpretation.³⁶¹

Since 1980, the PRC has become a party to the Convention on the Prevention and Punishment of the Crime of Genocide, the Convention Relating to the Status of Refugees, the Protocol Relating to the Status of Refugees, the International Convention on the Elimination of All Forms of Racial Discrimination, the International Convention on the Suppression and Punishment of the Crime of Apartheid, and the Convention on the Elimination of All Forms of Discrimination Against Women.³⁶²

On December 12, 1986, China signed the Convention Against Torture and Other Cruel, Inhuman, or Degrading Treatment or Punishment. But China has not yet signed the International Covenant on Civil and Political Rights adopted by the General Assembly of

³⁶¹ Li Zerei, "A Theoretical Study of International Human Rights Law," Zhongguo Guofifa Niankan, 1983 (Chinese Yearbook of International Law, 1983) (Beijing: China Translation and Publishing Corp., 1983), pp. 96-97.

³⁶² Hungdah Chiu, p. 254.

the United Nations in 1966. However, in the 1984 Sino-British joint Declaration on the Question of Hong Kong, Annex 1, Article 13, paragraph 4, it is provided that "the provisions of the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social, and Cultural Rights as applied to Hong Kong should remain in force" for a period of 50 years after 1997, the year when China would assume sovereignty over Hong Kong.³⁶³

One problem for China's participation in the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social, and Cultural Rights is that some of its legislation, regulations, and practices are clearly inconsistent with certain human rights standards prescribed in both covenants. For example, the 1982 Chinese Constitution does not recognize the right to choose a residence. Rural residents need special permission to move to a city. The government may cancel a city resident's right to live there and send him/her to reside in a rural area. This practice is contrary to Article 12, paragraph 1 of the Civil and Political Rights Covenant which provides that "everyone lawfully within the territory of a state shall, within that territory, have the right to liberty of movement and freedom to choose his residence." The most serious inconsistency between the Civil and Political Rights Covenant and the Chinese law is in the area of criminal justice. The 1979 Chinese Criminal Procedure law does not recognize the principle of presumption of innocence in

³⁶³ Ibid., p. 255.

criminal trials. This principle is provided in Article 14, paragraph 2 of the Covenant which states that "everyone charged with a criminal offense shall have the right to be presumed innocent until proved guilty according to law." The 1979 Chinese Criminal Law does not recognize the principle of no punishment without preexisting law making the act a crime. This is contrary to Article 15, paragraph 1, of the Covenant which states that "no one shall be held guilty of any criminal offense on account of any act or omission which did not constitute a criminal offense, under national or international law, at the time when it was committed." Apart from the above, the 1982 Chinese Constitution does not recognize the right to strike which is ensured by Article 8, paragraph 1 of the International Covenant on Economic, Social, and Cultural Rights.³⁶⁴

Barrett L. McCormick³⁶⁵ talks about the change of China's respect for human rights in terms of democratic reforms. According to him, despite the Chinese reformers' intention to maintain the Chinese Communist Party's leading role, there is still an important element of democratization in these reforms. First, reformers before June 1989 like Hu Yaobang and Zhao Ziyang created a more open, more transparent, more lawful, and more humane government. This counts as an important step toward democracy. Second, society had gained more autonomy, and in the more open atmosphere many

³⁶⁴ Ibid., p. 256.

³⁶⁵ Barrett L. McCormick, Political Reform in Post-Mao China, p. xi.

intellectuals had pushed past the reformers' limited aims to discuss still more far-reaching reforms. However, the brutal violence used against the people of Beijing and other Chinese cities in June 1989 demonstrated that the conflict between state and society has not yet been resolved. According to McCormick,

The reforms have so far failed to provide an institutional mechanism that can effectively mediate between state and society. Instead, when faced with broadly supported demands for more democracy, state power holders responded with a hail of gunfire and a wave of arrests.³⁶⁶

The above examination shows the slow but steady progress of China's respects for human rights in terms of civil and political rights after China initiated the open-door policy and before 1989.

Since the Tiananmen crackdown of 1989, there has been a fast although not fundamental change of respect for human rights in China.

The students' movement of June 1989 at Tiananmen has shown by itself that there have been a wide awareness of and various demand for respect of human rights in China. The fact that the students demanded to have a political dialogue with the Chinese government and the fact that the students were supported by people from all walks of life in China have shown that there has been great Western influence in increasing awareness of civil and political rights in China.

In my opinion, it is impossible for Canada to create an ODA program directly for the purpose of promoting civil and political

³⁶⁶. Ibid., p. xi.

rights in China due to the fact that China and Canada hold different concepts of human rights. However, this does not mean that Canada's ODA projects have not had influence on promotion of human rights in China. For example, CIDA's Canada-China Human Resource Development Program trains tens of thousands of Chinese young professionals from China's key departments since 1981/82. These trainees receive a work/study training program for about one year in Canada and then return to their same work place in China. When these people finish their training, they return to China with direct experience of the western concept of human rights in terms of civil and political rights. It is hard to estimate how much a role these returned trainees have been playing in the process of promoting respects for human rights in China, but it is easy to see the influence of Canada on the thousands of Chinese trainees or students who were studying in Canada at the time of Tiananmen. Almost all the Chinese students were firmly supporting the students in Beijing for the democratic movement. As is well known, before Tiananmen, there were no democratic organizations among the Chinese trainees of students in Canada. But since Tiananmen, there have been such organizations in Canada wherever there are Chinese trainees and students.

After June 1989, Canada adopted the liberal human rights policy of continuing her ODA to China in attempts to promote respect for human rights through economic development in China. This policy has been working very well together with pressures from other western countries.

From chapter V we have seen that the western concept of human rights emphasizes individuality and universality. As Jack Donnelly³⁶⁷ defines that human rights are the rights one has simply because one is a human being. If human rights are the rights one has simply because one is a human being, as they usually are thought to be, then, they are held "universally," by all human beings.³⁶⁸ Thus according to the western concept of human rights, any policy of liberal interdependence cannot avoid the question of human rights because human rights are universal human values. In other words, so long as one is a human being, he or she has human rights. Canada and other western countries have concerns of China's record of human rights because the Chinese are human beings. Canada, as a western country, has constantly emphasized that the concern of human rights is part of the general policy of openness.

Since China started the open-door policy, China has to deal with western countries. And when China deals with the western countries, China has to respond to questions of human rights. If China does not respond to such questions, there could be no dialogue between China and the Western countries. And therefore it would be impossible for China to carry out the open-door policy so that to receive development assistance or other western investment for China's Four Modernizations.

Thus, response to the western concern of human rights has been

³⁶⁷ Donnelly, The Concept of Human Rights, p. 1.

³⁶⁸ Donnelly, Universal Human Rights in Theory and Practice, pp. 1-2.

a cost for China's open-door policy. After Tiananmen of 1989, China's policy did not return to close-door. Instead Deng Xiaoping emphasized that China's door should open even wider. Thus, so long as China insists the open-door policy, China has to have dialogue with the Western countries. And so long as there are dialogues, the Western countries can not avoid raising questions of human rights. As James D. Seymour observes, "In the early 1990s China suddenly found that most of the countries she wanted to deal with were democracies, and human rights was on their agenda."³⁶⁹ Andrew J. Nathan points out,

Because China is involved in the world economically, culturally, and strategically, it cannot shut the door as it did under Mao. Human rights is likely to remain a structural weakness for China's diplomacy so long as democratization and promotion of rights remain dominant world trends and China remains outside the trend.³⁷⁰

Thus, after Tiananmen, the Chinese government has been making changes in respects for human rights in China. The following evidence will illustrate the changes in China's respects for human rights.

First, the Chinese government has been releasing students and leaders of democratic movements. Up to now, the Chinese government has released almost all the students arrested in 1989 and has been allowing them to go abroad. In particular, On September 14, 1993, the Chinese government also released the prominent dissident Wei Jingsheng who had once warned in the late 1970s that Deng Xiaoping

³⁶⁹ Nathan, p. 40.

³⁷⁰. Nathan, p. 41.

could become a dictator in China. Wei had also argued that Deng's Four Modernizations were not enough. China needs a fifth modernization which should be Modernization in Democracy. Wei soon was arrested for charges of selling state secrets about the Sino-Vietnamese War in the late 1970s. After about 15 years in jail, Wei was released six months earlier for rumours that China wants to win the bid for the Year 2000 Olympic Games one week before the vote of the Olympic Committee.

Secondly, the Chinese government has been active in participating international conferences on issues of human rights. For example, China took an active part in the World Human Rights Conference at Vienna in mid June, 1993. China sent a delegation with Liu Huaqiu, deputy Minister of Ministry of Foreign Affairs, as leader.³⁷¹ Although China holds different views than Canada and other Western countries on some human rights issues, the fact that China sent such a high level delegation for the World Human Rights Conference shows that China is active now in discussing human rights issues with other countries of the world.

Thirdly, Chinese top leaders have started not to avoid direct response to questions concerning human rights in China. For example, according to The Ottawa Citizen report, President Jiang Zemin on January 15, 1994 told a U.S. Congressional Delegation that China is going to make an effort to meet U.S. concerns about the country's human rights record. Jiang repeated China's objection to

³⁷¹ "China on Human Rights", People's Daily, Overseas Edition, (Beijing, June 17, 1993), p. 1.

linking human rights with trade. But according to the Ottawa Citizen report, the U.S. delegation found Jiang's positive tone encouraging and his remarks significant because Chinese officials almost never responded directly or positively about China's human rights record.³⁷²

The evidences have shown that after Tiananmen, there have been fast changes in China's respect for human rights in terms of civil and political rights although the changes are still limited or far from being fundamental. Such limitations are illustrated from the following facts: 1) China has not yet signed on the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social, and Cultural Rights; 2) China's delegation held different views on the concept of human rights from that of the western countries at the World Human Rights Conference at Vienna in mid June, 1993; 3) Jiang Zemin repeated China's objection to linking human rights with trade in the mid January, 1994. Another two examples will show further that China's change of human rights is not fundamental.

First, according to Jonathan Manthorpe, The Ottawa Citizen correspondent, Wang Juntao, Chen Ziming and Bao Tong - major players in the Tiananmen Square pro-democracy protests of 1989 have not been released from their continued imprisonment. Wang, 34, and his close colleague Chen, 41, were in prison in 1992 for organizing the students and workers during the Tiananmen protest. Bao, 59, was

³⁷² "President breaks ice on human rights," The Ottawa Citizen, (Ottawa, January 16, 1994), p. A-3.

top lieutenant to disgraced Communist Party general secretary Zhao Ziyang and was jailed for seven years for "inciting counter-revolutionary activities" and "divulging state secrets" early in the protest with which both he and his boss sympathized.³⁷³

Secondly, from a report by the same Citizen correspondent, China published new laws on February 6, 1994 giving local authorities powers to move against any religious believers deemed to be enemies of the state. The decrees, signed by Premier Li Peng on January 31, 1994, became law when they were published on February 6 in China's Legal Daily. Manthorpe says that "the laws are aimed at curbing the activities of foreign missionaries but are worded so even Chinese Christians, Muslims or Buddhists can be liable for unspecified penalties if they are thought to be working against the communist state."³⁷⁴

The above evidence has shown that there have been significant progress or changes in China's respect for human rights although the change has not been fundamental. It is hard to estimate the exact role of Canada's ODA to China and the progress of China's respects for human rights. But there is no doubt that Canada's ODA has provided opportunities for Chinese government to have dialogues with Canada, particularly after Tiananmen. So long as there are dialogues between China and Canada or the West, there is no

³⁷³ Jonathan Manthorpe, "China's release of Tiananmen dissidents doubtful," The Ottawa Citizen, (Ottawa, January 27, 1994), p. D-2.

³⁷⁴ Jonathan Manthorpe, "China lowers heavy hand of law on religious freedom," The Ottawa Citizen (Ottawa, February 7, 1994), p. A-8.

avoidance that Canada and the Western countries would express concerns with human rights in China. That's why I believe that Canada's development assistance to China could have been one of the significant factors for the progress of China's respects for human rights.

The above is an evaluation of Canada's development assistance to China with the criteria of rationale and the criteria of questions. This evaluation have shown evidence that Canada's ODA to China has been beneficial to both China and Canada. In brief, the motives or intentions of Canada's development assistance to China have been successful in contributing to China's development efforts, in cultivating China as a partner in trade and other economic relations, as well as in encouraging respects for human rights in China.

CHAPTER VII. CONCLUSION

There have been many criticisms about Canada's development assistance policies. For example, Peter Wyse criticized Canada's development assistance policies as wasting money and a failure. According to him, the Government of Canada used its aid program to pursue a number of foreign policy objectives. The government stated that aid was a tool for promoting Third World development, demonstrating Canadian concern for social justice, and influencing Third World governments. Canada's selfish interest in promoting Third World development and demonstrating Canadian concern for social justice was generally compatible with the Third World interest in its own development. However, Canada's desire to use aid to win influence abroad led to aid policies which devalued Canada's aid dollar in terms of Third World development. "Ironically, these policies were unlikely to generate influence for Canada. Put simply, the policies wasted money."³⁷⁵ Wyse said,

Canada's aid policies failed in these respects. They failed to strike the appropriate balance between Canada's interest in Third World development and its interest in promoting Canadian exports, creating Canadian jobs, helping Canadian farmers, and winning influence abroad.³⁷⁶

According to a CCIC (Canadian Council for International Co operation) discussion paper,

In assessing thirty years of Official Development

³⁷⁵ Wyse, p. 22.

³⁷⁶ Ibid., preface.

Assistance, it is easy to fall into complacency or cynicism. Much has been accomplished; yet absolute poverty is growing, and many of the development problems facing the world seem more intractable than ever.³⁷⁷

Is Canada's development assistance to China a waste of money? Have Canada's ODA policies towards China failed in striking the appropriate balance between Canada's interests and China's development? From the research of this thesis on Canada's ODA to China and the mutually beneficial interests to both countries, we can see that Canada's development assistance to China is not a waste of money and the Canadian ODA policy towards China has been successful in striking the appropriate balance between Canada's interests and China's development.

This thesis has been a research on Canada's development assistance to China with the liberal interdependence perspective. From this study we can see that Canada's ODA to China has been for mutually beneficial interests. With the examination of the theoretical approaches of realism, Marxism and liberal interdependence in chapter II and the case studies of Canada's ODA and the mutual interests in chapters III and IV as well as with the case study of Canada's ODA and respect for human rights in China in chapter V, we can see that Canada's ODA to China has been a good model for mutual benefits in donor-recipient relations.

This thesis has shown that Canada's development assistance policy towards China has been motivated by the liberal interdependence perspective for mutual benefits. Since 1981/82,

³⁷⁷ CCIC, Fighting Poverty First: The Development Challenge, (Ottawa, January 1994), p. 3.

Canada has been consistently offering development assistance to China with the intention of maintaining China's open-door policy. Even after the Tiananmen of 1989, Canada still continued to offer ODA to China with the intention of maintaining China's open-door policy or, according to Joe Clark's statement, "not isolating China."³⁷⁸ The fact that since 1989, China has not returned to the closed-door policy shows that Canada's development assistance to China might be one of the factors for China's maintenance of the open-door policy. As we know, Canada's development assistance through its many programs or projects in China has given China's leaders opportunities to continue relationship with Canada. And thus China's leaders still have the opportunities to continue relations with the West after the Tiananmen of 1989.

This thesis has also shown that Canada's development assistance to China in dollar terms is only a portion of trade surplus with China. From chapter IV, we have seen that Canada's total ODA to China from 1981/82 to 1991/92 was less than 5 per cent of the total of trade surplus with China during the same period. That is why I have compared Canada's ODA to China and the returns to Canada with 'Mu Gua' and "Qong gem". Thus, Canada's ODA to China has shown that at least a portion of Canada's surplus of trade has been back to China in the manner of consistence with Canada's values of liberal interdependence. From the overall study we can see that this portion of surplus has been functioning well in

³⁷⁸. Ross Howard, "Ottawa Reduces Economic Aid to China," The Globe and Mail, (Toronto, July 1, 1989), p. A-3.

assisting China's economic development through the programs of Human Resource Development, Energy, Transportation, Telecommunications, Agriculture, Forestry, etc. And it has also been successful in cultivating China as a partner of trade, business relations and other economic activities.

This research has shown that the results of Canada's ODA to China are trustworthy; the objectives are satisfactory and the rates of return are high. The case study fully supports our theoretical approach of the liberal interdependence paradigm that Canada's development assistance to China serves the interests of both donor and recipient. This indicates that the realist perspective that Canada's ODA is for Canada's national interests in strategic power-politics and the Marxist perspective that Canada's ODA to China is for Canada's one-sided economic interests are not adequate in explaining this case study. Instead, the liberal interdependence approach fits well into the case study of Canada's development assistance to China and the mutually beneficial interests.

This thesis has shown that Canada's development assistance to China has been beneficial not only to China, but also to Canada. The case of Canada's ODA to China and the mutual benefits can served as a model for Canada's ODA to other Third World countries in today's North-South relations. As Ivan L. Head has argued that "Canada and the countries of the North now are vulnerable to events in the South, the enormity of the disequilibria now influencing our own future, and the range of options open to us to ensure for

ourselves and the billions of human beings who live in the South a future of hope".³⁷⁹

As mentioned in the introduction, this study is especially significant at the present time when Canadian policy makers are reviewing Canada's entire foreign policy direction. Thus before I conclude this thesis, I have three suggestions for Canada on sustainable mutual benefits with development assistance.

First, throw long line to catch big fish. According to Stephen G. Triantis,

There cannot any longer be the doubt that we need to formulate a long-term plan of aid -- at least in the sense of casting an eye twenty to twenty-five years in the future. Such a plan cannot of course commit future governments and generations, but it can serve as an eminently useful guide to a task which is bound to stretch over many decades.³⁸⁰

From my interviews with officials in Canadian International Development Agency and World University Services of Canada, I was told that Canada wants to see immediate feed-back from its ODA programs. One of the reasons is that the present decision makers in Canada do not want to wait for too long to see the feed-back. The present government does not want to invest for the betterment of the later governments, especially not for governments formed by opposition parties. Therefore, Canada's government wants to see immediate feed-back from the ODA programs so that the policy makers get more credit or electoral rewards. However, development aid to

³⁷⁹ Ivan L. Head, On a Hinge of History, The Mutual Vulnerability of South and North (Toronto: University of Toronto Press, 1991), p. 9.

³⁸⁰ Triantis, p. 17.

Third World countries is a long term investment. It is good for the sustainable or lasting betterment of Canada and recipient countries. This is the big fish Canada should catch, but it needs a long fishing line. As the Brundtland Report states, "sustainable development is development that meets the needs of the present without compromising the ability of the future generations to meet their own needs."³⁸¹ It also states,

We came to see that a new development path was required, one that sustained human progress not just in a few places for a few years, but for the entire planet into the distant future. Thus 'sustainable development' becomes a goal not just for the 'developing nations, but for industrial ones as well.'³⁸²

Secondly, see forests not just trees. After the Cold War, Canada's priority for ODA programs have shifted to the former USSR and the Eastern European countries, and thus have cut ODA to countries in Africa and others in the Third World. Canada should see that ODA is for solving the problems of global poverty, in other words for the global security and the betterment of global economy, without which, Canada's own economy and security would be threatened. It is understandable that Canada has priorities in offering ODA, but the point is that Canada should not just see trees without seeing the forest as a whole. ODA promotes the common future of the world. It contributes not only to global economy and global security, but also to Canada's own prosperity and security.

Thirdly, be dollar wise and cent foolish. During the CBC

³⁸¹ The World Commission on Environment and Development, Our Common Future (London: Oxford University Press, 1987), p. 43.

³⁸² Ibid., p. 4.

Broadcasting Program³⁸³ addressed to the question "How do you think Canada's Development Assistance Dollars Should Be Distributed To?", the author of this thesis noticed that some people argue that Canadians are bankrupt. Because of the recession, Canada's unemployment rate has reached over 11 percent and from provincial governments to federal governments, there are "cuts" everywhere. Even worse, Canada has been in deep national debts. In such a situation, it is asked, where is the money for ODA coming from? Some people argued that it is not the time for Canada to give aid. Canada's priority should be to aid Canada itself.

The above argument sounds plausible due to the present economic recession in Canada. However, the people who made the argument failed to see that ODA can be for mutually beneficial interests according to the liberal interdependence theory. The case study of Canada's ODA to China and the mutual interests is a best example. From 1981/2 to 1991/2, Canada contributed CDN\$ 381.94 million to China, but Canada also gained a trade surplus of CDN\$ 8043.013 million. Thus during the 11 years Canada's total ODA to China was 4.75 percent of the total trade surplus with China. In other words, from 1981/2 to 1991/2, if Canada offered less than five cents as development assistance to China, Canada gets one dollar in return from trade surplus with China. That is why Canada should be dollars wise and cents foolish, not vice versa. The policy of killing the goose that lays the golden eggs is not

³⁸³ CBC Broadcast Program, Discussion Topic: "How Do You Think Canada's Development Assistance Dollars Should Be Distributed To?" Channel: 91.5. Time: 13:00-14:00. (Ottawa, April 6th, 1993).

applicable. As CIDA's report, To Benefit a Better World, has pointed out,

Global interdependence means that the fate of developing countries inextricably affects Canada. If they achieve higher growth and manage the stress of social change well, these countries will contribute to Canada's prosperity. If developing nations are prevented from making progress by protectionism, inadequate financing, blocked access to skills and technology, and Canada's failure to adjust its own economies to new circumstances, Canada's well-being will be adversely affected as never before.³⁸⁴

This thesis has presented the liberal interdependence perspective that Canada's development assistance to China benefits both recipient and donor. Canada's ODA to China has been successful in achieving the initial interests to contribute to the Chinese developmental efforts; to cultivate China as a partner in development, trade and other economic relations; and to encourage respects for human rights in China. For the past dozen of years, China has got 'mu gua' in compliment from Canada, and Canada has got 'qong gem' from China in return for friendship. In the future, apart from 'mu gua', will China get 'peach' and 'plum' from Canada in compliment? And after getting 'qong gem', will Canada get 'yao gem' and 'jiu gem' as well in return from China for friendship? No political scientist can predict the future. However, for whatever reasons, if Canada's ODA to China is cut, there will also be cuts to the mutually beneficial trade and other economic interests between Canada and China as well as Canada's encouragement of respect for human rights in China. As Prime Minister Jean Chretien

³⁸⁴ CIDA, To Benefit a Better World, p. 8.

told law students at the University of Moncton, "If I were to say to China, 'We are not dealing with you any more,' they would say, 'Fine.' They would not feel threatened by Canada strangling them."³⁸⁵ Thus, one thing can be predicted. If, based on the liberal interdependence paradigm, Canada will offer more Mu Gua to China in compliment, China will give more 'gems' to Canada in return for friendship.

³⁸⁵ Edward Greenspon, "Canada can't sway China on rights, PM says," The Globe and Mail (Toronto, March 19, 1994), p. A-1.

APPENDIX I CANADA'S ODA TO CHINA - 1981/2-1991/2 (CDN \$ MILLIONS)

YEAR	1981/82	82/83	83/84	84/85	85/86	86/87
ODA	4.497	3.016	7.279	13.502	21.803	36.346
YEAR	1987/88	88/89	89/90	90/91	91/92	
ODA	42.748	50.310	45.070	82.375	74.994	

Total ODA: CAN\$ 381.94 Million

Source: CIDA, ODA BY FISCAL YEAR BY RECIPIENT CODE,
D:\WP\HISTODA\REPORTS.RP

APPENDIX II CANADA'S TRADE WITH CHINA - 1981-1992 (CDN \$ MILLIONS)

YEAR	1981	1982	1983	1984	1985
EXPORT	1017.55	1227.857	1607.242	1236.477	1278.323
IMPORT	220.013	203.654	245.772	333.502	403.475
TOTAL	1237.563	1431.511	1853.014	1569.979	1681.798
SURPLUS	797.537	1024.203	1361.470	902.975	874.848

YEAR	1986	1987	1988	1989	1990
EXPORT	1118.969	1432.079	2593.135	1120.017	1650.855
IMPORT	566.083	770.901	955.919	1182.291	1391.526
TOTAL	1685.052	2202.980	3549.054	2302.308	3042.381
SURPLUS	552.886	661.178	1637.216	-62.274	259.329

YEAR	1991	1992
EXPORT	1885.759	2253.079
IMPORT	1852.114	2447.155
TOTAL	3737.873	4700.234
SURPLUS	33.645	-194.076

Totals (1981-1992):

Export: CAN\$ 18,421.342 million
 Import: CAN\$ 10,572.405 million
 Trade Value: CAN\$ 28,993.747 million
 Surplus: CAN\$ 7,848.937 million

- Source:
- 1) Statistics Canada. Exports by Country; Imports by Country, Annual Reports.
 - 2) Statistics Canada. "1991-1992 Canada's Merchandise Trade" (Customs Basis). Economic Planning Division, External Affairs & International Trade Canada.
 - 3) The figures are based on the author's personal collection and calculation.

APPENDIX III: CHINA'S GROSS NATIONAL PRODUCTS (US\$ MILLIONS)
(Real Growth Rate 9.4% from 1980 to 1991)

YEAR	1981	1982	1983	1984	1985
GNP	299,770	302,630	306,060	318,760	333,600

YEAR	1986	1987	1988	1989	1990
GNP	314,570	319,905	360,080	396,551	415,884

YEAR	1991
GNP	424,012

Sources: Selected from The World Bank Atlas. Washington D.C., publications from 1991 to 1992.

APPENDIX IV: CHINA'S GNP PER CAPITA (US\$)**(Real Growth Rate from 1980 to 1991: 7.8%)**

YEAR	1981	1982	1983	1984	1985
GNPPC	300	300	300	310	320
YEAR	1986	1987	1988	1989	1990
GNPPC	300	300	330	350	370
YEAR	1991				
GNPPC	370				

Sources: Selected from The World Bank Atlas. Washington D.C.,
publications from 1981 to 1992.

APPENDIX V: CANADA'S OFFICIAL DEVELOPMENT ASSISTANCE
(% OF GNP PER FISCAL YEAR)

YEAR	1980/81	81/82	82/83	83/84	84/85	85/86
ODA	0.4%	0.41%	0.43%	0.46%	0.49%	0.48%
YEAR	1986/87	87/88	88/89	89/90	90/91	91/92
ODA	0.5%	0.48%	0.49%	0.43%	0.4%	0.4%

- Sources:
1. Figures for Fiscal Years from 1980/81 to 1989/90 are from Canadian International Development Agency, 1990.
 2. Figures for Fiscal Years from 1990/91 (\$2.6 billion) to 1991/92 (\$2.8 billion) are from Statistics Canada. See Pocket Facts: Canada-Economic Indicators, Economic Planning Division (CPE), External Affairs and International Trade Canada, 15 March, 1993.

**APPENDIX VI: CHINA'S RANK IN CANADA'S ODA AS COMPARED WITH OTHER
RECIPIENTS IN THE WORLD**

YEAR	1981/82	1982/83	1983/84	1984/85	1985/86
RANK	61	78	56	38	21
YEAR	1986/87	1987/88	1988/89	1989/90	1990/91
RANK	14	14	15	11	8
YEAR	1991/92				
RANK	5				

- Sources: 1. Calculated from CIDA's Report, ODA by Fiscal Year by Recipient Code, D:\W\Histoda\reports.RP
2. "CIDA Development Cooperation Program in China", CIDA, April 4, 1991. p. 27.

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