

For example, the announcement in the Canadian government's 1986 budget that henceforth all ODA will be entirely on a grant basis rather than on a partial-grant and partial-loan basis, as was the case previously, is a commendable measure, as is the 1986 Canadian offer to low-income African countries of a 15-year moratorium on debt interest repayments for Canadian ODA, in effect writing off the debt. Other OECD governments should adopt as a minimum the 1986 Canadian offer of the 15-year moratorium on the interest payments on their official loans.

There are a number of further measures that Canada could take.

- Specifically, the proportion of Canada's ODA committed to the multilateral development banks, which now stands at just under 19.4 per cent, should be increased to around 25 per cent.
- In its next budget, the government should commit itself to increase the funds devoted to official development assistance by small, annual increments, spread over 13 years, to achieve the 0.7 per cent of GNP target by the year 2000.

The current difficulties between debtors and creditors are capable of threatening the under-pinnings of the world financial system. To avoid serious disruptions to their own domestic economies, creditor governments will have to participate more directly in the management of the debt problem. The time may have now come for creditor governments to lift their objections to direct dialogue with debtor governments. Such discussions could serve a useful purpose in building a consensus to strengthen commitments on both sides for an agreed debt strategy. It would also give hard-pressed debtor governments some evidence that creditor governments understood their plight and were sympathetic. The Canadian government should publicly endorse and advocate the principle of a dialogue within the IMF's Interim Committee involving creditor and debtor governments.

In addition, to fulfill a need for an ongoing source of advice on the various dimensions of the debt problem, a small group of knowledgeable and competent persons from North and South should be formed. This group could advise on both official and commercial debt questions and help build a better perception of the commonality of interests between the principal participants. This group could be known as the Advisory Group on International Indebtedness.