

For the poorest of the poor, governments have been prepared to play a stronger role because their debt is largely related to official loans owed to industrialized governments. The reschedulings in the Paris Club, under what are known as the "Toronto terms", and the special support group effort for Guyana, which Canada chaired have been innovative and useful. But clearly we need to remain open to new ideas, particularly so in those areas where governments can play a significant role.

Official development assistance debt may well be one such area. Many countries, including Canada, have already forgiven the ODA debts of the least developing countries. Some, again including Canada, have taken similar measures for a number of countries in sub-Saharan Africa. It may now be timely to see whether further such debt relief is appropriate, given its special nature.

Debt management techniques are not in themselves sufficient to guarantee success in progress. Global economic conditions have to be made more conducive to development over the longer term.

Another basic conclusion of our aid policy review is that the first contribution of industrialized countries to development is to help ensure an open, growing and stable world economy in which developing countries can become active participants.

Official development assistance is, after all, a rather small part of the total development picture. Good fiscal and monetary policies in industrialized countries, for example, contribute to the reduction of interest rates and to improved savings. A more liberal multilateral trading system will benefit developing countries if it opens markets for their exports.

For Canada, contributing to a healthy domestic as well as international economy means coming to grips with our fiscal deficit. We did so in the government's April Budget which affected both our revenues and expenditures. While there will be adjustments in the short run, we have laid the basis for strong and stable growth in the coming years.

As we look at the global assistance effort, it is clear that the volume of assistance is not keeping pace with need. Our aid program in recent years has been growing by 7.4 per cent, more than twice the rate for Canadian government spending generally. Some donors, such as Canada, have had to make short-term adjustments to their budgets.