

I HIGHLIGHTED THE IMPORTANCE WHICH THE CANADIAN GOVERNMENT ATTACHES TO STRUCTURAL ADJUSTMENT WHEN I APPEARED BEFORE THIS COMMITTEE ON OCTOBER 31. I UNDERSTAND THAT MEMBERS OF THIS COMMITTEE HAVE ALSO RECEIVED COPIES OF A STATEMENT, "ADJUSTMENT IN PERSPECTIVE ", WHICH I PRESENTED NOVEMBER 17 AT A COLLOQUIUM ON STRUCTURAL ADJUSTMENT AND SOCIAL REALITIES IN AFRICA HELD AT THE UNIVERSITY OF OTTAWA.

STRUCTURAL ADJUSTMENT, IN ITS BROADEST SENSE, RELATES TO THE ONGOING CHANGES IN A NATIONAL ECONOMY AS THAT ECONOMY ADJUSTS TO MICRO AND MACRO ECONOMIC CHANGES IN THE INTERNATIONAL ECONOMY. THE 1980S HAVE WITNESSED A MAJOR EVOLUTION IN THE PERCEPTION OF THE INTERNATIONAL COMMUNITY ON THE NEED FOR ADJUSTMENT. FOR MANY DEVELOPING COUNTRIES THERE IS A NEED TO DEVELOP APPROPRIATE ECONOMIC POLICIES AND TO REMOVE RIGIDITIES (EG. SUBSIDIES, OVERVALUED EXCHANGE RATES) THAT HAVE BEEN ALLOWED TO WEAKEN THE EFFECTIVE FUNCTIONING OF NATIONAL ECONOMIES. THE NEED FOR STRUCTURAL ADJUSTMENT IS NOW ALMOST UNIVERSALLY ACCEPTED. MOST DEVELOPING COUNTRIES HAVE BEGUN THE PROCESS OF ADJUSTMENT. PROGRESS IS ALREADY EVIDENT IN THE CASE OF SOME COUNTRIES BUT CONSTRAINTS TO THE PROCESS ARE MANY.

FROM THE POINT OF VIEW OF THIRD WORLD DEVELOPMENT, STRUCTURAL ADJUSTMENT IS NOT A PROCESS WHICH RELATES ONLY TO DEVELOPING COUNTRIES. THE IMPLEMENTATION OF ADJUSTMENT MEASURES IN INDUSTRIALIZED COUNTRIES WHICH CAN MAINTAIN GROWTH RATES, REDUCE