producing countries. All of us are conscious of those price increases here at home in Canada and indeed in the industrialized world generally. Nowhere was that impact felt more severely than in the oil importing developing countries.

• (1150)

Equally, at the time when the large oil price increases were implemented, a worldwide recession was felt which, of course, produced a slump in world trade. The demand for the products of many developing countries fell off sharply, contributing to their already difficult balance of payment problems. Creditworthiness of such nations deteriorated sharply. The result was that the International Monetary Fund had a new challenge to confront, a new challenge to overcome.

A number of developing countries, including some of the largest debtor countries of the last decade certainly, have encountered severe liquidity problems and have sought renegotiation of their debt obligation. I need not remind the House of the problems that face a number of developing countries, particularly in Latin America, concerning their very large debt burdens which they attempted to finance against the background of much higher import costs, particularly for oil, and a sharp decline in their export earnings.

I am happy to note that the international debt situation is easing now, particularly as a result of falling interest rates around the world. The repayment schedules for the debt that has been incurred is easing. Of course, the improvement in terms of trade of a number of developing countries has also contributed to an improvement in their liquidity position. The expected increase in the net volume of exports of the developing countries in 1983 and 1984 should contribute to the further facilitation of their debt repayments. Nevertheless, a number of developing countries still face an acute debt service problem.

We in Canada have joined with a number of other countries in encouraging those debtor nations to seek International Monetary Fund assistance in easing their repayment problems. The IMF has responded to this difficult situation in two major ways. The first has been that it has contributed, as it has on many occasions in the past, to the financing of temporary balance of payment difficulties of the member countries affected. It has also brought together, and in this the Fund has played an imaginative and constructive role, the major creditors to renegotiate the debt agreements and to reschedule the debt repayment. Equally important, it has developed with the debtor countries the program of adjustment which has allowed them not only to meet their debt obligations, but to provide some degree of financing at home for their development commitments.

The provision of temporary financing by the International Monetary Fund, which is one of the elements of the broader subject we are discussing today, enables countries to make the necessary adjustment to their economic situation without resorting to many of the disruptive tactics which marked the world of the 1930s and, indeed, has characterized the activities of some nations which are not members of the IMF or have not been able to meet the IMF requirements. I speak, of course, of trading and capital restrictions that were imposed in such a way as to disrupt the channels of trade. We have seen countries engaged in aggressive exchange rate policies which equally disrupted world trade or imposed at home unduly restrictive domestic measures which have burdened the people of the country with policies that have curtailed their own growth and development. All those practices and others have been avoided by the role of the International Monetary Fund in creating a situation where such practices are unnecessary and where major disruptions to our international trading system are quite unnecessary.

Hon. Members will wish to recall that the International Monetary Fund does not itself engage in long-term financing. That is a role for the World Bank and for the regional development banks under the United Nations umbrella. The IMF does provide for a flexibility in our trade and global financial situation which is unique and which is available to those countries with balance of payment difficulties. That essential role of the Fund will be enhanced by the increase in the subscriptions or quotas which are provided for in the Bill in the case of Canada and provided for in the resolution of the Board of Governors of the International Monetary Fund last spring.

The increase in quotas is reviewed every five years. This is the eighth review by the IMF members of their quotas. It has resulted in a proposal of an increase in the overall quotas of members of some 47 per cent. The legislation before us today provides for Canada's increased quota within that total goal set by the Board of Governors of the International Monetary Fund.

May I just take a moment of the time of the House to engage in some numbers which may seem rather arcane, but it is worthwhile to spend a moment looking at what this Bill means for Canada.

Canada's quota subscription will increase from two million SDR, special drawing rights, or approximately $1.2 billion Canadian, to 2.9 million special drawing rights or approximately $3.8 billion. That is Canada's share of the total equity increase from the special drawing rights of $61 billion to $90 billion, which as I suggested a moment ago was approved last spring by the Fund's Board of Governors.

Before any Member concludes that Canada is undertaking a very substantial transfer of funds amounting to something over $2 billion to the International Monetary Fund, I would reassure that Member that the actual Canadian dollar cash payment as a result of this legislation will amount to about $3 million only. The remainder of the increase in the Canadian quota is paid in special drawing rights or in Canadian Government non-interest bearing demand notes. Therefore, the increase in our equity will maintain our relative share of IMF quotas. It will ensure Canada's continued right to elect an executive director and have a seat on the committees of the Fund.

I am sure Members will understand that that increase in quotas also has the effect of increasing the resources available