

And if we are unable to cooperate as we must to ensure a growing, stable world economy, with open markets, our development assistance programs and the efforts of developing countries themselves will have little sustained benefit.

The OECD's development assistance committee performs a vital role in maintaining the volume and quality of our overall assistance. It also allows us to reflect on the role of our aid programs and policies in promoting development. So we welcome the Committee's work to situate our development cooperation effort in the context of the challenges that face us in the 1990's and look forward to seeing the results of this work at next year's meeting.

The initial results of this analysis are consistent with Canadian policy, as set out in the aid strategy published last year.

One of the principal conclusions of our review is that we have to be supportive of the policies and programs that developing countries themselves are undertaking.

Sound national economic policies are a fundamental requirement for durable development and growth. Such policies must improve efficiency in the economy, promote domestic savings and attract the foreign investment which are so important to financing development.

Not only must we encourage such policies, we have to be prepared to provide the support needed to assist countries in implementing them.

Policy reform must be not only economically sound but socially sustainable as well. Accordingly, social considerations have to be integrated into the overall policy formulation process. The World Bank, the IMF and this organization have become increasingly aware of this fact and are now taking it into account in their current work. That is welcome and should be continued.

With domestic economic reforms, appropriately supported, indebted developing countries can begin to see some hope at the end of a very difficult road. But we clearly have to look at each country's circumstances, recognizing that the precise solutions to the debt and development problem may differ from one to another.

For middle-income developing countries, the agreed focus is on dealing with the voluntary and market-oriented reduction of commercial bank debt.