

unintended effect of raising the cost of borrowing by developing countries. In Canada high interest rates have been necessary to confront domestic imbalances that have threatened a resurgence of inflation. However, more of the policy burden by developed and developing countries clearly needs to be assumed by fiscal policy. Countries with large fiscal deficits need to implement effective fiscal consolidation measures. In Canada the government has made clear its commitment to a responsible mix of monetary and fiscal policies.

Of major concern to my delegation is the situation in the poorest countries, including that of sub-Saharan Africa, where the need for sound economic programs together with generous international support, is particularly evident. In many sub-Saharan African countries the debt crisis has been very prolonged and severe. The total debt in sub-Saharan Africa is far too high relative to export earnings. Mounting indebtedness has exposed in more sharp focus the underlying structural weaknesses in sub-Saharan economies and has amplified the need to implement structural adjustments designed to combat severe poverty and very low levels of productivity.

For the low-income countries an important development in the past year has been the implementation of the Toronto Summit guidelines to reduce their debt burden. Thirteen countries have so far benefitted from this "menu-based" plan which represents a relaxation of the rules governing earlier Paris Club re-schedulings. Canada has played an early and substantial lead in forgiving the official development assistance debts of many poorest countries. We are pleased to note that several other donor countries are now doing likewise or intend to do so. Aid to the least developed countries is a priority focus of Canada's development assistance program which a few years ago became an all-grant program and which, therefore, does not contribute to the debt burden of developing countries. Canada has also this past year coordinated and contributed substantially to an international financial support group effort on behalf of one country which had fallen behind in arrears to the multilateral financial institutions and which had decided to pursue adjustment policies to improve its circumstances.

Looking ahead to the 1990s, we have to ensure that the Bretton Woods institutions have adequate resources to meet likely demands. Canada and many other countries believe that a substantial increase is necessary in the Ninth Review of IMF Quotas. Similarly, Canada firmly supports a substantial and early replenishment of the World Bank's International Development Association (IDA). It is our hope that a replenishment of at least as large in real terms as IDA 8 can be achieved. Continued commitment by all donor countries to generous ODA support will be necessary to assist countries in pursuing growth-oriented policies. The growing problem of arrears at the Fund and other IFIs is a matter of concern and these institutions need to develop a cohesive and effective strategy