assistance for debtor nations,[30] these remain tied to an imposed orthodox structural adjustment conditionality which is fundamentally unacceptable. We must state clearly that this model of debtor adjustment has been tried and found wanting. It is not working. Canada cannot continue to support in the 1990s policies in the name of adjustment with the disastrous effects on the welfare of the poor, of women, children and other vulnerable social groups, that have been observed with such distressing repetition during the 1980s.

It is not just new means of providing funds that are needed, it is a whole new approach to IFI adjustment and conditionality along the lines we earlier recommended as guidelines for Canadian policy. Otherwise we may end up deluding ourselves and bitterly disappointing, as appears to be the case in Guyana, the very people we claim to be helping. We are concerned that the narrow criteria applied by our Department of Finance seem to be disconnected from the broader foreign policy purposes carried out by the Department of External Affairs and CIDA over which they prevail. We are disturbed as well by recent decisions which seem to reinforce a discredited neocolonial model. The United States has insisted on an even heavier hand with "delinquent" debtor countries in arrears to the IMF as its price for agreeing to a 50% increase in the Fund's resources. Canada accepted this compromise. The U.S. also seems to want to prescribe the form of democratic political system countries must have to receive assistance. Democracy, in the sense of popular legitimacy and participation, is indeed essential to a genuine recovery process, as the unfortunate experience of Guyana confirms. But these rich-country manoeuvres on conditionality constitute regression not progress. It is time to change that.

Accordingly, the Sub-Committee recommends that Canada use its position to advocate major changes in the way that the IFIs respond to the debt crisis of developing countries. These reforms should be a central part of the agenda of the global conference on debt and adjustment we recommended earlier in the report. The challenge goes well beyond

---

(30) The IMF's Structural Adjustment Facility (SAF) for low-income countries was created in March 1986 in the wake of the Baker plan, financed by reflows to the Fund. An enhanced facility, ESAF, was added in December 1987, and Canada has supported it with a concessional loan of SDR 300 million. (Special Drawing Rights are the IMF's unit of account. SDR 300 million is equal to approximately Cdn$ 450 million.) There are proposals to sell off some of the IMF's gold reserves, to use more of its revolving income flows and part of the new quota increase to provide additional resources for concessional lending. For its part, the World Bank has had a Special Program of Assistance for low-income Africa in place since 1987. Last year the Bank set up a new $100 million facility, funded from its own income, to provide grants to the poorest countries (i.e., those eligible for assistance through its "soft loan window", the International Development Association or IDA) for repurchases at a discount of their commercial debt.