

## GOVERNMENT ORDERS

[English]

### BRETTON WOODS AGREEMENTS ACT

#### MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Hnatyshyn for Mrs. McDougall that Bill C-30, an Act to amend the Bretton Woods Agreements Act and to repeal the International Development Association Act and amend certain other Acts in consequence thereof, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

**Miss Aideen Nicholson (Trinity):** Mr. Speaker, when this debate was adjourned earlier today I was saying that loans made by the International Bank for Reconstruction and Development, otherwise known as the World Bank, are made on commercially related terms. In 1960, the International Development Association was established in order to enhance the work of the World Bank in the least developed countries of the world. Again, Canada was a founding member. The purposes of the International Development Association are generally the same as those of the World Bank, but because the assistance is directed at the poorest countries, the terms of IDA loans are more concessionary. Low income countries cannot afford commercial loans or the near-commercial terms of the IBRD, so IDA credits are made to member governments with a 10 year grace, a 50 year maturity, no interest, and a small service fee.

The International Finance Corporation was established in 1956 to assist the economic development of less developed countries by promoting growth in the private sector of their economies and helping to mobilize domestic and foreign capital for this purpose. The Bill before us will also allow the IFC to borrow in Canada on the same basis as the World Bank. As the world has changed, the activities of the World Bank have changed too. In the past, the World Bank financed capital infrastructures such as roads, railways, telecommunications, ports, power facilities and so on. Its present development strategy places more emphasis on investments that can directly affect the well-being of the poor people in developing countries by making them more productive and by integrating them as active partners in the developing process.

Since 1980, the bank has also carried on a program of structural adjustment lending. This program was developed in response to the severe economic difficulties in developing countries and supports specific policy changes and institutional reforms designed to achieve a more efficient use of resources in the client country, and thereby lay the basis for future growth while also contributing to a more sustainable balance of payments.

All this good work, like any human endeavour, does not go smoothly all the time. Under the IDA rules there is an agreement whereby if the United States does not meet its full share of the requirements of IDA, other countries do not have to contribute their full share. That is, they can cut back on a pro rata basis comparable to the United States. In 1982, the

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United States cut back very significantly. If other countries had cut back on a similar basis, the result would have been very serious indeed. However, the consensus at the World Bank meetings in Toronto in September of that year was that the amount IDA requested was appropriate, and so other countries scrambled to maintain the system.

I had the honour of being a delegate to the General Assembly of the United Nations in 1981. That particular session of the United Nations was on where the conflict between the views of the newly-elected Reagan administration and those of some underdeveloped countries was very sharply delineated.

The differences of opinion continued, and in September, 1983 when the discussions began at the IMF-IBRD meetings in Washington about the seventh replenishment of the International Development Association, the United States again contributed less than expected. Some American officials have expressed fears that if countries already in difficulty find it easy to borrow, this will distract them from making necessary changes to improve efficiency in their own domestic policies. On the other hand, the poorer countries which suffered particularly during the world recession became more frantic and angry in their demands that the industrialized countries help them. This indeed was sometimes difficult for people in industrialized countries to understand since they themselves were having a difficult time.

It has been said that a "dialogue of the deaf" is now going on between the so-called North and South, with the industrialized nations wanting to give less money—Mr. Speaker, I am having a little trouble hearing myself. I wonder if the gentlemen on your right could reduce the noise by a few decibels?

**Mr. Deputy Speaker:** I would ask Members to please listen to the Hon. Member's speech.

**Miss Nicholson (Trinity):** They don't have to do that, Mr. Speaker. They can just continue their conversation in slightly lower tones of voice.

It has been said that a "dialogue of the deaf" is now going on between the so-called North and South, with the industrialized nations wanting to give less money with more conditions and requirements while the less developed countries want more money and fewer conditions. I think that those of us who have travelled in Third World countries generally come back with the feeling that the need surely is for more money and more guidance and assistance in using it to their best advantage.

As the world emerges from a recession, recovery has been particularly slow for the heavily indebted middle-income countries and for the impoverished nations of Africa. Clearly the existing problems of debt and poverty will remain as long as capital flows to developing countries remain inadequate, trade barriers remain high, and inefficient domestic policies remain untouched.

Multilateral financial organizations are in particularly favourable positions to link capital flows to developing countries with performance requirements and assistance to meet