
\$82 billion would fill the gap and also allow some very modest restoration of depleted reserves.

Mr. deLarosière would be the first to stress, however, that flows of these magnitudes are not yet assured. The \$50 billion in so-called core funding depends importantly upon the maintenance of official aid flows, including in particular the completion of funding of the World Bank's concessional arm, the International Development Association (IDA). Yet the final US contribution to IDA VI, a total contribution already stretched out over four years rather than the intended three, has still not been ratified by the Congress of the United States.

For its part, Canada has completed its contribution this year to IDA VI. Along with all donors except the United States, we will make an additional contribution next year at a level which will almost double our relative share. We are actively promoting efforts to ensure that the seventh replenishment of IDA gets under way soon, and at meaningful levels.

The \$12 billion of International Monetary Fund lending is not yet assured either, because of current strains on the Fund's liquidity. We must hope that these monies will be found. It is clearly critical, however, that member countries ratify — without delay — the recently agreed upon increase in quotas.

Perhaps most problematic of all is the need for \$20 billion of new commercial bank credits. Such a flow, if it is to occur, clearly depends upon the economic performance of industrial and Third World countries alike, and upon the readiness of banks to accept the risks associated with new loans. This readiness, in turn, will depend upon the capacity of developing countries to adjust their domestic policies in a manner which attracts continued flows of credit.

I am not trying to be an alarmist and, thus, perhaps, become the author of self-fulfilling prophecies. My purpose in dwelling on these real difficulties, not only in terms of assisting the Third World but in terms of preserving the very existence of the international financial and trading institutions, was to convey to you that the whole matter is embedded in a larger system of concerns. In other words, I was using the debt problem and the trade issue by way of example to underscore that those concerns form the broad agenda of a renewed search for international understanding and commitment. These concerns, and that commitment, I shall take with me to Williamsburg. In particular I shall pursue the following objectives :

(1) We must achieve a common resolve to meet all the conditions for global recovery, not just recovery in industrial countries. We must assure the world of our determination to see recovery continue in a manner which is durable and deep. This will require greater convergence in policies and performance, and a climate of confidence which will bring about a lowering of real interest rates, which in turn will inspire innovative and productive investment. In our country, Mr. Lalonde has included measures in the budget that are vital to success in Canada's most immediate challenge — the revival of investment, the creation of jobs and the reduction of intolerably high rates of unemployment. But global recovery is something else again. At Williamsburg we must consider measures which are required world wide, and which have to be carefully designed.