

Latin America as a whole is wealthier, less aid-dependent, and more likely to be seen as "creditworthy." But here, too, the accumulating costs of the crisis have been staggering. One of the bankers we met in New York worried about "the Africanization of Latin America." Dr. David Pollock of Carleton University illustrated the implications of that scenario for us in extremely telling fashion:

In Latin America's case, the debt adjustment burden has been severe, austere and prolonged, to the point . . . that in 1989 for Latin America as a whole, according to the United Nations, income per capita on average will be 10% below what it had been back in 1980.

Just imagine for a moment, Mr. Chairman, the political consequences of translating that last statement into a Canadian election, whether provincial or federal. Imagine the turmoil facing incumbents if income per capita on the Prairies, in B.C., in Ontario or in Quebec were on average 10% below the levels of 10 years ago instead of 10% or 20% or 30% higher.⁽¹¹⁾

Public opinion surveys have shown that Canadians appear not be very sympathetic to the plight of developing debtor nations. We are concerned that there has been a failure of public communication and education on many aspects of Canada's response to the debt of other countries. For example, when Canada recently forgave a total of \$182 million in ODA debts owed by Commonwealth Caribbean countries, there was little public appreciation or understanding of this action. It should have been made clear that these were *aid* loans in the first place, made at rates of interest of from zero to three per cent for terms of up to 50 years. It was never expected that Canada would collect back the full face value of these loans. Because the loans themselves were so concessional, the cost of forgiving them now is much less than the original \$182 million. Finance Minister Wilson told us that the actual cash cost had been calculated at about \$12 million. It is important, in addition, to explain to Canadians how our own best interests are served by debt reduction that helps countries get back on their feet. The North-South Institute estimates that between 1981 and 1987 Canada lost at least \$16 billion worth of potential exports to a dozen Latin American and Caribbean countries because debt had forced them to cut back drastically on imports.

Countries crushed by debt cannot trade more with us or contribute to a healthy global environment. The Sub-Committee is confident that Canadians will support strong actions by their government when they are able to understand those actions, and the mutual interests served by them, in light of the gravity and urgency of the international debt situation.

Because debt is not a one-way street, we must resist the myth that the Third World's debt crisis is only their problem and not also ours. At the same time, we recognize that developing countries are indeed paying most of the direct costs of the debt burden. Apart

(11) SCEAIT, *Minutes of Proceedings and Evidence*, Issue No. 15, 12 October 1989, p. 17-18.