

risen to unprecedented levels. But we are all consumers -- of raw materials and manufactured products -- and it is as consumers that the impact of world inflation is brought home to use most forcibly. I can see no easy solutions to this problem.

Governments can help by pursuing responsible policies. It is inescapable, however, that current energy costs compel a restructuring of international markets, which will inevitably take some time to work out. Every country will face challenges in adjusting its economy to the changed situation.

Urgent international action to meet this situation must include: the liberation of trade arrangements; the growth of development assistance; and the systematic and progressive reordering of the monetary system in the IMF, so as to subject the creation of international liquidity to accepted disciplines.

Canadian response In the face of these compelling priorities, Canada has reviewed its own commitments. Subject to Parliamentary approval, the Canadian Government intends to take several steps to help alleviate the situation of the developing countries most seriously affected:

- We shall proceed with our own contribution of \$276 million to the Fourth Replenishment of the International Development Association.
- We shall permit the advance commitment of our first two payments to IDA, if that seems desirable.
- As I mentioned earlier, the Canadian Government last week approved an additional \$100 million, over and above its originally-projected program, to meet emergency needs in developing countries -- particularly for food and fertilizer. For the coming year, Canada's development-assistance expenditures are expected to reach \$733 million, as against \$571 million last year.
- We are also reassessing our entire program with a view to ensuring that our development assistance is directed to those in greatest need and in sectors where an urgent response is required. The immediate measures will include balance-of-payments support through quick disbursing grants and soft loans for essential commodities. Longer-term measures will include assistance for the development of energy sources. Such adjustments in development assistance programs are difficult but necessary.

In this context, the Canadian Government believes that all countries with appropriate resources have a responsibility to examine their own situations closely and take steps to alleviate the plight of those countries which are hard hit by the present energy situation. There are promising signs that countries which have benefited most from oil-price increases will, in fact, be taking concrete steps to provide assistance on concessional terms.