

LIST OF CONCLUSIONS AND RECOMMENDATIONS

II. ADDRESSING THE GLOBAL POLITICAL CHALLENGES

- We welcome the statements by the government that any financial aid to Eastern Europe will be separate from, and additional to, the budget for official development assistance (ODA). Nevertheless, we are concerned about the impact of cutbacks in the external affairs and aid expenditure envelope, in particular given the retreat from the aid targets established in the government's own 1988 policy paper *Sharing Our Future*. The committee's 1987 report on ODA, *For Whose Benefit?*, had recommended a legislated framework and funding floor for the Canadian aid program. In the light of recent pressures, we believe the case for that is even stronger. Accordingly, we repeat those recommendations and further recommend that the legislation include a provision that ODA funds be used solely to benefit the needy in developing countries. (p. 4)

- Beyond issue-specific measures, the Sub-Committee urges Canada to seek the support of other governments for an international conference on debt and sustainable global adjustment; such a conference to aim for negotiated commitments to policy reforms by all countries, not only the poor and the indebted. In subsequent recommendations we spell out the principles and directions we think should underlie this process of global reform. At this point, we wish to affirm the importance this Committee attaches to Canadian leadership in finding comprehensive solutions to a global crisis that affects us all. (p. 6)

III. THE DEBT CRISIS: MYTHS AND REALITIES

A. A Decade of "Muddling Through"

- The point we wish to make is that although progress has been made in the evolution of the debt strategy, particularly in the acceptance of debt reduction, it is not clear that a viable solution has been reached even in the case of Mexico which was the first major intended beneficiary of the Brady plan. In this report we cannot of course evaluate all of the efforts, as well as the mistakes, made by individual debtors and creditors. We also recognize that because of the great variation in regional and country circumstances there is no single debt solution to fit all cases. In light of the evidence we have received, we do, however, strongly affirm that there is as yet no adequate long-term approach to overcoming the burden of Third World debt. (p. 13-14)