

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. We cannot afford to muddle along for another decade while that debt exacts an even bigger and more unacceptable toll in human lives, damage to the environment, and lost development hopes. Given the realities of interdependence, we must not be lulled by any myths or excuses which remain. We sense that the enormity of the debt crisis, and the severity of its implications for our global future, have not yet been fully brought home to many Canadians. Without public pressure and support, government policy will only reluctantly move ahead. There is indeed work to be done.

B. Overcoming Some Myths

One of the biggest obstacles to further action is the perception that the debt crisis, if not actually solved, is at least “under control.” That may be true in a very narrow, technical sense for some actors—for example, Canada’s Toronto Dominion bank which has largely liquidated its portfolio of Third World loans. Today the North American banking system is probably under more threat from unstable, high-risk corporate debt than from sovereign loans to developing countries. Banks may well be in a stronger position than a few years ago. But is the world better off when not a single problem debtor country of the 1980s (despite the praise in some quarters for Chile and Mexico) is securely on a sustainable path of socio-economic recovery in the 1990s? There is no reason for anyone to feel reassured as more of the risks of the still-growing debt overhang are transferred to governments.

And what of the consequences of debt for people? As described by Dr. Adedeji of the UN Economic Commission for Africa:

. . . economic decline has had a devastating impact on the well-being of millions of Africans. Since 1980, per capita private consumption has fallen by one-fifth and total gainful employment has declined by over 16%; unemployment has reached crisis proportions where the unemployed in the formal wage sector are estimated to number over 30 million (over 13% of the labour force) and another 95 million are underemployed; real wages declined by a quarter; almost three-quarters of Africans are afflicted by poverty; the illiterate population has increased to 162 million in 1985, up from a level of 124 million in 1960; the average share of health and education in public expenditure dropped from over 26% at the beginning of the 1980s to only 19% in 1988; and over 26% of the African population are now undernourished or malnourished, while endemic diseases—which had actually been brought under control by the 1970s—have re-emerged on the continent. Some 10,000 children die in Africa every day of causes linked to malnutrition and to the non-availability of rudimentary health care.⁽¹⁰⁾

(10) “The African Economic Crisis and the Challenge of the 1990s,” SCEAIT, *Minutes of Proceedings and Evidence*, Issue No. 18, 24 October 1989, Appendix, p. 4.