

that our idea of a pluralistic world community corresponds with their objectives of independence and self-determination.

By way of example, I refer to North America's relations with the Caribbean and Central America. While Canada's historic ties have been much greater with the Caribbean countries than with Central America, in the global sense the area as a whole is of strategic and political importance to North America. As a microcosm of world problems, I would also suggest that the Caribbean Basin, including all of Central America, is of interest to all of us here today, especially because of the difficult policy question developments they have posed.

Central  
America

On a proportional scale Central America is facing crises of enormous proportions. Falling world prices have had a dramatic effect on their export market. Political instability is seriously affecting Guatemala and El Salvador, where the guerrilla wars show little sign of abating. Nicaragua's government is under scrutiny for its increasing human rights violations, and its destabilizing political activities in the area; it is also subject to guerrilla activities on its borders. Honduras has recently been subject to terrorist attacks purportedly perpetrated by those supporting the guerrillas in El Salvador. Even Costa Rica which has often been categorized as a jewel of democracy has recently been the victim of terrorist activities within its borders. We complain of unemployment rates in the 10 per cent range, yet, some of these countries face rates double or triple that. At the same time, all are facing inflation rates that remind one of a whirling dervish; combine this with climbing government debt, no matter what the country, and it is not difficult to see the possibility of serious political explosion. Add East-West tension to the pot and you really do have a situation which is close to the boil.

Over the past three years, Canada has undertaken comprehensive reviews of our relations with the Caribbean and Central America, particularly with respect to development assistance. Based on these reviews, we announced our intention to double our development assistance to the Commonwealth Caribbean and to substantially increase our assistance to Central America. We have as well joined with our hemispheric partners, the USA, Mexico, Venezuela (and laterally) Colombia in the Caribbean Basin Initiative. This initiative is a common expression of political will to exert our best efforts to stimulate economic and social development in the area through programs of co-operation, and without military or political preconditions.

Canada's conviction is that current instability in the area is deeply rooted in the socio-economic conditions of the region — the poverty, the unfair distribution of wealth, and the social injustice. We may find little comfort in the records of some of these governments, particularly as regards human rights; but the question must be posed. Do we back away and point our fingers in an accusing fashion, or do we try, through political, economic and institutional channels to encourage them in their frail beginnings? (I am heartened indeed to know that this liberal group saw fit to

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