

In this report the Sub-Committee will be making a number of recommendations in regard to the debts which developing countries owe to Canada and to Canadian banks. However, we want at the outset to emphasize that debt relief in isolation from the broad context of policy reforms is not enough. At most, it would provide a transitory benefit. Fair trade policies, repatriation of flight capital and access to investment capital at reasonable rates of interest, assistance in transferring clean environmental technologies, demilitarization and control of the international arms trade, could be of critical long-term importance. Ways must therefore be found to incorporate these elements into an overall solution to the debt problem.

At this promising yet precarious historical conjuncture, we find ourselves asking whether the passing of the post-war political-security order does not demand as well a basic rethinking and restructuring of the post-war economic order. The Sub-Committee does not offer a blueprint for 'perestroika' in the Bretton Woods institutions such as the World Bank, the International Monetary Fund (IMF), and the General Agreement on Tariffs and Trade (GATT). But we are convinced of the need for structural adjustments here, not just in developing countries, — and not on the basis of some utopian ideal but as a pragmatic necessity for the future of the planet.

There is no alternative to concerted political action among the major developed-country governments. Canada is a respected member of that group and active in many international organizations. We have a seat on the United Nations Security Council. Finance Minister Michael Wilson now chairs the key policy-advisory committee of the IMF's executive board. It is a time for Canada to use its international position and influence to maximum advantage. **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.**