

- It should take steps to reorganize its staff as quickly as possible to handle policy-based lending.
- It will be important for the World Bank to temper the conditions that are pressed on debtor countries to adopt economic policies favouring a market economy with an understanding of the differing traditional values and systems of some developing countries.
- The World Bank should try to maintain a judicious balance between its traditional project lending and the more recently emphasized structural adjustment lending.
- Closer collaboration between the IMF and the World Bank will become increasingly important. The Canadian government should press for complementary policies in the two organizations and the establishment of a formal co-ordinating body, a joint Bank-Fund committee, to formulate adjustment and lending policies and to co-ordinate with the commercial banks their joint concerns. Canadian government representatives in the regional development banks should also be instructed to press for closer co-ordination between those banks.

The World Bank has indicated that it intends to increase substantially its annual levels of lending and to improve its rate of disbursement. This is a welcome and necessary development. However, in order to sustain this increased lending, the World Bank needs a General Capital Increase (GCI). Given the time needed to complete a GCI, the Canadian government should press for a decision to negotiate a new GCI in 1987. In particular, it should urge the United States to agree to begin negotiations as soon as possible. The Canadian Government should instruct its executive director at the World Bank to work with other representatives on the executive board in order to achieve the largest possible mutually-agreed increase in the Bank's capital as well as that of its soft loan affiliate, the International Development Association (IDA).

When the international financial institutions were established, the United States had a dominant financial position internationally and, as such, was given the power to veto the institutions' decisions. Since then, a number of other countries have gained impressive economic strength and it is in the common interest that these countries be able to increase their contributions to the World Bank without constraints. The attempt by the United States to perpetuate its special status discourages other states from assuming increased responsibilities.