

If they are to continue to operate effectively, it would be much better for the IFIs to *internalize* the criteria for human rights standards on a basis acceptable to all or most members.⁽³¹⁾

A recent *Globe and Mail* editorial (28 May 1990) comments on the role of the World Bank and ponders the difficulty of crafting a Canada–China trade policy that encourages economic development while ensuring that we are not conducting “business as usual”:

Canada has continued to provide financial assistance to China through the Export Development Corporation, even since the killings at Tiananmen Square... But the ... loans were directed to projects that Ottawa believed would have maximum effect on the Chinese people (telephones and hydroelectricity) and minimum benefit for the government in Beijing. It may be imprecise but ... it keeps Canada’s foot in the human rights door...

While World Bank President Barber Conable is reportedly eager to resume full-scale lending to China, and thereby to remove political factors from credit considerations, it would be more appropriate for such an authority to retain its moral leverage by scrutinizing each request for its human rights as well as its economic consequences. Unlike open-door trading rights, the provision of such loans does constitute a distinct benefit that should not be conferred lightly.

We have highlighted some thoughtful contrasts in opinion as to the ideal criteria and methods for channeling human rights into deliberations about lending and project support in the IFIs. Bearing this controversy in mind, the Sub-Committee intends to further the objective announced by the government in *To Benefit a Better World*, namely to give the issue “due consideration” through our hearings and supportive research.

2. We have already remarked on the hope that bilateral aid given by Canada would not itself be a catalyst for creation of human rights abuses.⁽³²⁾ Similar caution should attach to our participation in projects receiving multilateral subventions from IFIs. The Sub-Committee is aware that some IFI supported mega-projects (such as those in the energy field) could have serious implications for human rights in recipient countries. The Sub-Committee will pursue study of possible human rights abuses that could flow from massive development schemes, and examine ways (such as adequate popular participation) to avoid such unwanted consequences of shared development.

3. Loans from IFIs are not granted unconditionally. The “structural adjustment” often demanded of financial aid receivers has come to be associated with belt-tightening in countries where most people are already heavily burdened. Social program cutbacks demanded of governments may cause curtailment of social and economic rights, with severe impacts on the poorest or weakest segments of the population. We are all aware of instances, such as the rioting in Venezuela in early 1989, where retrenchment policies are met with popular resistance. Public unrest often leads, in turn, to the suppression of civil and political rights by authorities, and the undermining of democratic processes.