

We would like to remark upon areas of controversy among the positions put forward by NGOs, academic commentators and successive governments regarding human rights conditionality:

1. NGOs and academics who share their perspective have recommended that Canada push for a requirement that IFIs deny financial support to regimes that are gross and persistent violators of human rights. Such recommendations are routinely blocked, with a reminder that the IFIs are supposed to be politically neutral, and that only commercial and fiscal considerations are taken into account by them. In response, the proponents of a human rights-IFI linkage point to several instances in which votes (or abstentions) on loans have been taken for geo-political reasons,<sup>(28)</sup> and note that the impacts of proposed programs and projects, from social, political and environmental perspectives, are now recognized as warranting attention by these institutions.<sup>(29)</sup>

Given that other social and political factors are in practice treated as relevant to financial aid decisions,<sup>(30)</sup> NGO advocates contend that there is no real justification for holding that human rights concerns are irrelevant and unseemly matters in the IFI context. Easier access to money and more favourable terms could be provided to countries making progress in human rights, and withdrawn from regimes that persist in crushing the rights of the populace they are purportedly seeking to assist.

Although our voting power is relatively minor within the IFIs, Canada does have high-level representation and is in a position to attempt to influence events. Our Finance Minister is a Governor of the International Monetary Fund, and our Secretary of State for External Affairs is on the governing body of the Inter-American Development Bank. We also have Canadian Executive Directors on their boards, as well as on the board of the World Bank.

We have referred to statements advocating a pro-active role for Canada as a significant player within the IFIs. A somewhat contrasting perspective, focussing on the institutions rather than on the actions of individual shareholding countries, was offered by one of our witnesses:

The behaviour of the U.S.A. toward the IFIs under the Carter Administration demonstrates that it is entirely possible for member countries to use their voting power to express disapproval of the treatment of human rights by borrowing members. Other countries (the Nordics, Netherlands, Italy) have also occasionally expressed their disapproval of human rights performance in the same way. Canada has rarely—perhaps once—joined this group...

Even if this approach were to succeed, it could serve seriously to fragment the multilateral agencies. Objecting members might ... differ on the detailed criteria underlying their decision...