

might be opportune to leave that question until the report of the subcommittee on penitentiaries had been received here in the House. That report has been received, and I should like to indicate that I will be prepared to hear further discussion on the point from any members who wish to contribute. The most convenient time for doing that will be Tuesday upon orders of the day. Therefore, if there are any members who wish to contribute to that point before I make a decision on it, I will hear discussion on Tuesday at approximately three o'clock.

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EXTERNAL AFFAIRS

CONFERENCE ON INTERNATIONAL ECONOMIC CO-OPERATION— MINISTER'S STATEMENT

Mr. Speaker: Pursuant to the agreement made earlier today, we can now proceed with questions to the hon. President of the Privy Council (Mr. MacEachen) with respect to the statement he made yesterday. At the conclusion of these proceedings yesterday, I believe the hon. member for Gloucester (Mr. Breau) was about to ask a question.

Mr. Breau: Mr. Speaker, I have two questions for the hon. Minister which I will pose concurrently, if the Chair agrees. First, I would like to ask the minister if the \$1 billion special action program will cover the demands or the requests of developing countries for better compensatory financing facilities, or will this be in the area of special direct assistance? If not, I would like to ask the minister, while there was no agreement on compensatory facilities, does he expect that the International Monetary Fund or other bodies, other than United Nations agencies, will be discussing this matter shortly?

My second question is in regard to the disagreement on adjustment assistance programs. This seems to be something which will be national in scope, and I am wondering what the nature of that disagreement was. Does it mean that western industrialized countries have not agreed as to the kind of adjustment program they would implement, or was there a disagreement between the developing countries and the developed countries on that point?

Mr. MacEachen: Mr. Speaker, the special action program in the amount of \$1 billion, subscribed to by the industrialized countries, is not a form of compensatory financing. It is a rapidly dispersing outlay of funds through multilateral and bilateral channels in order to help the poorest countries and indirectly assist them with their debt problems.

On the question of compensatory financing, it is unfortunate that we did not reach an agreement on this question. We were very close to an agreement in the final stages of the conference. Even though the item is registered as disagreed, we were almost at agreement. The agreement was not possible because of difficulties which certain G8 members had with respect to the possible role of UNCTAD in the development committee of the International Monetary Fund. It indicates that an

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assessment solely based upon the listing of agreed or disagreed items is not a very good way of looking at the results. In certain areas we did make a good deal of progress, although total agreement was not reached, and compensatory financing was one of them.

On the question of adjustment assistance, I must confess to a certain lack of knowledge on that question because I was not involved directly in the negotiations on adjustment assistance at any time. The general question which was dealt with in that particular negotiating group was adjustment in terms of the production of industrialized countries or the withdrawal from production of certain lines in industrialized countries in order to permit equivalent production to be undertaken in developing countries. It was not possible to reach agreement on that over-all question because of the difficulties that such a radical decision, taken at this stage, would have on the employment of developed countries. I am sure this is another item which will be continued in future dialogue between the North and South.

Mr. MacDonald (Egmont): Mr. Speaker, my question is related to the question posed by the hon. member for Gloucester (Mr. Breau) concerning the special action program. In view of the fact there has been a decline in our official development assistance in the past couple of years from .58 to .51, even in spite of the minister's own commitment in September of 1975 when the government was officially committed to reaching .7, can the minister indicate whether contribution through the special action fund will represent any kind of significant increase in our official development assistance? I would also like to know whether we made any further commitments or indicated whether we would attempt to reverse the present trend with respect to official development assistance?

Since the minister indicated that some of the items in the "not agreed" column were very close to agreement, such as compensatory financing, and since there is nothing specific in the communiqué about a follow-up, can he indicate what kind of follow-up might take place in light of his comments when he spoke directly to the Secretary of State for External Affairs concerning Canada playing a continuing lead in the North-South dialogue initiated in Paris? Can he indicate specifically what he had in mind and how that will take place?

Mr. MacEachen: Mr. Speaker, unfortunately or fortunately, the conference on international economic co-operation terminated even though, at a certain stage in the closing of the conference, there was an increasing desire on both sides to continue the conference. In a few months or longer, it may be that we will all regret that the conference has not been maintained.

At the present time, the follow-up is taking place in one form, for example, at the heads of government meeting in London. There will be a session of the General Assembly of the United Nations this fall on development in which the results of this conference will be assessed. There will be a negotiating session in November, I believe, in Geneva on the common fund. Beyond that I do not have further details,