
Canadian Policies in Response to the Debt Problem

The world community is now launched on a new stage of the response to the debt problem. The Gulf crisis and the oil price rise serve to highlight the vulnerability of the developing countries, particularly the poorest, to external economic shocks. In September, the Interim Committee of the IMF, chaired by the Minister of Finance, discussed the problem of the oil price rise and the debt strategy in depth. It was agreed that more flexible and intensified use of existing measures may be necessary to deal with the situation.

Following the recommendation of the Houston Economic Summit last July, which Canada had proposed along with other countries, new measures are being discussed in the relevant bodies. **Canada has urged the Paris Club to conduct a major review of possible options to ease the debt burden of low and lower middle-income countries.** Similarly, a meeting of the IDB Committee of the Board of Governors, chaired by the Secretary of State for External Affairs, considered and later adopted proposals to use IDB resources for commercial debt-reduction programs in conjunction with the IMF and the World Bank.

Prime Minister Mulroney took the lead, as co-chair of the World Summit for Children attended by over 70 heads of government, in putting the need to address the problems of children on the international agenda. Also, at the September meeting of the Development Committee, the Minister of Finance put forward Canadian ideas on how multilateral institutions, particularly the World Bank as the largest, could attack poverty and improve opportunities for women. Subsequently at the October 1990 meeting of Commonwealth Ministers responsible for women's affairs held in Ottawa, there was consideration, at Canada's initiative, of the implications of structural adjustment for women. Canada will continue to provide strong leadership on these issues.

A number of debt-distressed countries are found in Eastern and Central Europe. As they undertake major economic and political restructuring of their societies, they also will require necessary support from the world community. Such support will not detract from Canada's commitment to the developing world.

At the present time, virtually all Latin American countries have democratic governments, a unique event in the history of that part of the world. The Government recognizes that the consolidation of democratic institutions and values is directly related to the restoration of a vibrant and healthy economy. **The Canadian approach incorporates these concerns which are to a large degree already reflected in our policies on human rights and development assistance.**