

Mr. President, we are all painfully aware that political and economic forces now at play in the global environment are inter-related. What is the record of the multilateral system on the economic front?

The debt crisis has severely afflicted many developing countries. The effects of severe indebtedness on the economic prospects of so many developing countries, on the well-being of their peoples, and on the health of the international financial system as a whole, must remain a major pre-occupation of the international community. Continued efforts will be required by the industrialized countries to ensure that the recovery strengthens and persists and spreads to all countries, developed and developing alike.

Canada will support expanding multilateral efforts to stabilize the debt situation, in line with the decision of major industrial countries, at the London Economic Summit, to confirm their strategy on debt and to implement and develop it flexibly case-by-case. The Commonwealth, too, has been doing important work in this area. My colleague, the Minister of Finance, was invited by Commonwealth finance ministers, in Toronto last week, to recommend to this week's annual meeting of the Bank and Fund that issues, of special importance to developing countries, including debt, be placed on the agenda at the next meeting of the Development Committee. I am encouraged by the agreement of the Interim and Development Committees, in Washington over the weekend, to devote special attention at their meetings next spring, to such matters as debt, adjustment and financial flows in the medium-term perspective.

The courageous adjustment efforts of many developing countries must be continued, but it is also important that adequate financing be provided by the international community. In this respect, the important role that could be played by private investment should not be overlooked. I hope that greater multilateral attention will be given to the medium-term prospects for financial flows to developing countries.

As a country heavily dependent on foreign trade and foreign investment, my government is pledged to maintain close co-operation with its economic partners and to uphold the principles of the open and just multilateral system under which all countries, developed and developing, can prosper. Effective multilateral institutions are essential to prevent parochial responses to economic problems that require common action.

National and international action will be needed to stem protectionist tendencies which are still strong and could threaten trade prospects. The major Western industrialized countries re-dedicated themselves at the London Summit to resist protectionist pressures and to accelerate the General Agreement on Tariffs and Trade (GATT) work program. Our collective ability to fulfil these pledges, and to move toward a new round of multilateral trade negotiations, will be critical in halting the erosion of the open trading system and ensuring that trade will continue to be one of the motors of growth in the world economy. Developing countries, as well, must play their full role in this process.

Meanwhile, there are the urgent questions of human suffering that must be addressed. Our new government intends to maintain Canada's commitment to reaching .7 per cent of the gross national product by 1990 in official development assistance. Despite serious economic problems at home, we shall not turn our backs on the world's disadvantaged peoples. A greater share of our aid budget will be