

But let there be no mistake. The credibility and effectiveness of multilateral institutions depend fundamentally on the political will of individual nations and their leaders -- the will to create a collective response to serious domestic and international problems.

Most countries, developed and developing, are now grappling with high rates of inflation. Slow or stagnant growth, and international payments imbalances, compound already serious debt problems. Record high unemployment in many countries threatens the social and political fabric of our societies and feeds protectionist sentiment. At the international level, economic crisis is having a devastating effect on growth prospects and on development assistance. Debt servicing problems have reached proportions that impose considerable strain on the international financial system.

The consequence has been an increasing tendency towards economic parochialism. Pressures for short-term relief put at risk the multilateral system, and narrow the longer-term prospects for all of us. These pressures must be resisted.

The collective response to the current economic situation was extensively discussed at the Annual Meeting of the IMF/World Bank held in Toronto. I was encouraged by the determination of participants at this meeting to treat economic problems as matters of common concern requiring common action.

I would like to underline two important themes. First, the magnitude of the financial difficulties many of our countries face makes it imperative that the IMF have adequate resources to ensure that it can continue to play its vital role in promoting adjustment in member countries. That is why Canada supports a substantial increase in quotas during the Eighth Review.

Second, the current economic situation has meant that development assistance has become even more essential for a number of developing countries, and it is important that bilateral and multilateral flows continue. We welcomed the agreement reached at Toronto to ensure an adequate level of funding through the life of IDA VI.

The tendency to turn inward economically is also exerting strain on the multilateral trading system. Protectionist sentiment arising from economic dislocation is difficult for all governments to deal with, my own included. But it is absolutely essential that we manage these pressures collectively, to avoid undermining the