

Bretton Woods Agreements Act

rich west dealing with the underdeveloped countries. It indicates that planetary development will not happen now unless those countries that are also in the eastern bloc, and particularly those that belong to OPEC, are called to the table where international monetary questions are settled. We have to "disentangle" is the way I would put it, this confrontation, and make our priority a new kind of war on misery in the world community. That is not going to be easy, but it is a great step forward to bring the whole world community into that.

I should like to say in conclusion, Mr. Speaker, that if we can put our heads together and consider the future of humankind, perhaps we could see to it that the funds now going into military hardware, some \$450 billion per year directed to the destruction of people and countries, could instead be directed into a war against misery in the world. If we could do that, then this symbolic thing we are doing today of approving this exchange in the International Monetary Fund would show that we are ready to make the decisions that will save this planet for future generations of humankind.

Some hon. Members: Hear, hear!

● (1520)

[*Translation*]

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, on second reading of Bill C-5, the hon. member for St. John's West (Mr. Crosbie) raised a number of points concerning the problem of recycling the OPEC countries' surplus dollars to oil importing countries having balance of payment deficits on a current basis. The following notes suggest elements of answer to the hon. gentleman.

One of the greatest challenges facing the international financial system in the near term is ensuring that burgeoning surpluses in OPEC countries will be used to finance without undue stresses the deficits in oil importing countries, especially the underdeveloped countries that are hardest hit. The latter are faced with a major deterioration of their current accounts, by reason not only of increased prices for their crude oil imports, but also a recent decrease in economic growth in industrialized nations.

In respect of difficulties experienced by underdeveloped countries—UDC—in financing their external deficits, Canada among industrialized nations supported the principles established in April at the meeting of the IMF interim committee in Hamburg, and more recently at the OECD ministerial council. Private financial institutions no doubt will still be playing a key role in the recycling process. However, in view of sizeable commitments by many banks and the difficulties experienced by some UDC to borrow on the markets because of their debt problems, international financial institutions such as the IMF and World Bank probably will have an increasing role to play.

These institutions will be in a position to make available to their member nations financial help that is both adequate and

capable of promoting the adjustments that already appear necessary and inescapable. The ability of international financial institutions to meet these challenges will have to be frequently reviewed. The quota increase that is now at the ratification stage, in Canada for instance through Bill C-5, will make a significant contribution.

It is also in that spirit that the IMF interim committee authorized the fund's general director to initiate discussions with countries with surpluses on the terms and conditions under which the fund could borrow to increase its liquidity, were the need to arise. These efforts may prove to be not entirely adequate in the case of a limited number of countries that could face extremely acute problems. In those cases, the international community might have to create temporary and special assistance mechanisms.

The situation of the poorer countries is particularly alarming because several of them have few opportunities to implement the readjustment policies required to restore balance to their external accounts. It should be mentioned that each increase in crude oil prices by OPEC strikes a serious blow to the economic viability of those poorer countries. The continuation of development programs, even at a reduced pace, will depend mostly on the privileged assistance efforts of the international community. Canada's assistance program is based on those needs and we have already increased the funds allotted to that group of countries. However, their problems will be solved only if OPEC countries with a surplus agree to increase the amounts allotted for public assistance to development or avoid sudden and repeated increases in oil prices.

In general, the problems I just mentioned clearly show that industrialized countries and oil producing countries should start a dialogue as soon as possible to try to bring a larger measure of common sense and direction to the present situation, as stated recently by the Minister of Finance (Mr. MacEachen) before his OECD colleagues.

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I am not going to take very much time of the House, but listening to the presentations made by some members, I would be remiss if I did not say a few words.

I have just attended the World Food Council meeting in Arusha, Tanzania. I listened to representatives of some countries who were there bragging that they would have balanced budgets in 1981. This happened in East Africa where we know millions will starve to death this year. I do not know how Canada or any other country could say that we must have a balanced budget knowing full well that our duty is to our fellow man. No matter in what part of the world people live, our duty to them must come first and foremost. I was astounded when I heard some people mentioning balanced budgets. I was also alarmed when I heard representatives of some of the developing countries criticize the World Bank for its attitude on providing money for them. I reported this to the Prime Minister (Mr. Trudeau) on my return to Canada.