

Some hon. Members: No.

Mr. Ogle: Many Third World nations are now in danger of defaulting on their foreign loans and, as a result, the situation has become serious for many multinational banks as well. For example, the two largest United States banks, Citibank and Chase Manhattan, earn three-quarters of their profits from their foreign operations. The large banks, then, have a vital interest in preventing the collapse of the debt spiral particularly if they have overextended credit to debt-ridden Third World countries. That is what the banks are really afraid of. What happens if somebody out there cannot, finally, pay? Can you go and take over the country? Well, in a sense that does happen at times—they are taken over in one form or another. But one thing that does not happen is the development of that country as a free country in control of its own future.

The institution to which many people look as a means of staying off financial collapse is the International Monetary Fund which was created at the same time as the World Bank to stabilize currency markets and aid reconstruction in the aftermath of World War II. Today, the IMF has 128 member countries and acts as a lender of last resort to those experiencing acute balance of payments problems. The generosity of the IMF, however, is more apparent than real.

First, when the IMF extends credit to Third World governments it is often only for the purpose of allowing them to pay back loans to western governments and lending institutions. The financial elites of the west which dominate IMF decision-making are the chief beneficiaries, not the host countries. Again, this is the simple principle of the monopoly game: he who has the money makes the rules. So, when in February of 1978 the U.S. Congress was asked to approve a \$1.7 billion contribution to a special \$10 billion IMF debt relief fund, no less a paper than the *Wall Street Journal* described it as "The bankers' relief act". Relief! The same idea as my father had to face, but now it is the banks that are getting it because they were no longer able to secure the interest they felt was coming to them for the money they had advanced.

In the second place, the IMF does not extend credit without a great many strings being attached. Typically, it demands that a recipient country follow a strict regimen of domestic deflation and restraint in order to improve its credit rating, so to speak, within western financial circles. This austerity recipe usually includes huge cuts in government spending, particularly in the area of social services, and a domestic tightening of credit together with a *laissez-faire*, open-door policy to attract foreign investment, and currency devaluation to encourage exports and discourage imports.

Again, these are the rules of the monopoly game—taking away the basic cards of the players who are losing. It is a recipe which imposes enormous social costs on the masses but which does nothing to correct the scandalous inequalities and imbalances between nations which are responsible for much of the problem in the first place. It amounts, again, to saying, "It is your fault you are poor." It is the same as saying, at the end of the monopoly game. "It is your fault that I have all the chips."

Bank Act

I should like to speak for just a few moments about a particular case. The government of Jamaica, about whose dealings with the IMF I questioned the Prime Minister (Mr. Trudeau) earlier in the session, is one of the countries facing the brunt of this Hobson's choice. Because the IMF "seal of approval" is usually needed before a country can obtain loans from other international sources, for example member governments, the World Bank, or multinational banks, Third World countries are increasingly facing an unenviable choice: they must either submit to the bitter medicine of the fund, which makes the disease of dependency even worse, or they can go it alone, defying the international creditors and staking everything on the achievement of national self-reliance. The odds on the latter course being successful are formidable indeed. So a country like Jamaica has to decide whether it will continue to be forced increasingly into a debt trap from which it cannot escape, or whether to take a chance and try to go it alone. It is a terrible choice to have to make, particularly if both involve losing situations.

In 1978 the Jamaican government agreed to accept an emergency \$220 million balance of payments loan from the IMF. Since previous negotiations with the fund had not led to a happy conclusion, the Manley government was forced to accept extremely stringent conditions for the new loan. In part, these conditions were based on the same perverse, so-called monetarist economic theory as now holds sway at the Bank of Canada. Its prescriptions are predictable: restrictions on the money supply, restrictions on growth, cuts in social spending, and the creation of an attractive climate for foreign investment. The consequences for Jamaica have also been predictable: a decline in real wages, higher unemployment, cutbacks in social services, greater inequality.

As a result, the people are unhappy. And what finally happens? Because of the pressure which has been applied it can lead to political and social unrest. And who is responsible?

An hon. Member: The NDP!

Mr. Ogle: Somebody said it was the NDP.

Some hon. Members: Oh, oh!

Mr. Ogle: Who is responsible for the fact that people have been dumped into a debt trap from which they cannot escape? Jamaica's recent refusal of the IMF terms in the latest round of negotiations has put it in dire straits since, without IMF approval, it is finding great difficulty rescheduling debts and negotiating for new loans with the World Bank and with the private banks. These include the large Canadian banks which have recorded handsome profits from their Caribbean operations but which do not like Mr. Manley's politics—this is a dislike which they apparently share with the IMF.

Now how does all this effect development? The hon. member for Lethbridge-Foothills said the reason the banks were involved was because of development. But what is development? Development seems to mean the basic destruction of the countries concerned.