

*Financial Institutions*

This summer I had the opportunity of leading a delegation to South America from the External Affairs Committee. We went to Brazil, Uruguay and Venezuela, and the Committee also travelled to Guyana. These are countries which, in the past, have been recipients of various financial assistance, certainly from the Inter-American Development Bank, and the Caribbean Development Bank has also given funds to a number of Caribbean basin countries. Through the course of the work of the Committee and its travels, we saw how these international agencies are literally vital to the ongoing sustenance of these poorer countries in the world. Some of them, such as Brazil, are on the threshold of becoming industrial powers. Indeed, that is a happy event for us and Canada is trying to nurture this by increasing our own trade with countries such as Brazil and Venezuela. However, there are countries such as Guyana, Colombia, Ecuador and Peru which do vitally depend on the goodwill and financial assistance of these international financial institutions.

I am extremely glad that we in this country make contributions to these funds and that, of course, is the reason we are debating this particular Bill this afternoon. We are giving statutory authority to Canada's financial commitment.

These international financial institutions constitute, as I have stated, an effective and important component of Canada's multilateral development assistance programs. For the purpose of this Act, they comprise four regional development banks, the Asian Development Bank, the African Development Bank, the Inter-American Development Bank and the Caribbean Development Bank, the various concessional funds associated with these Banks, plus the International Fund for Agricultural Development and the Common Fund for Commodities. Canada participates financially in each of these institutions by subscribing to their share capital and/or contributing to their concessional funds. Our financial payments are made either directly or through the issuance of non-interest bearing non-negotiable demand notes.

The basic rationale underlying Canada's participation in the international financial institutions is the efficiency and effectiveness of their program activities in the Third World. These regional institutions provide a particularly appropriate vehicle for promoting regional co-operation and increasing self-reliance among developing countries. The ownership structure and nature of the collective financial participation in international financial institutions serves as an excellent example of a successful partnership approach to development.

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A significant feature of our participation in these institutions is the multiplier effect. That is, our aid dollars do, in a sense, compound the economic activity by institutional borrowing on the world's priority capital markets. They also complement other Canadian aid channels, diversify our aid both geographically and sectorally and support the multilateral institutional framework created by these financial institutions. Canada also derives foreign policy and commercial benefits from our participation in these institutions. Our participation is an important basic element of our relations with LDCs and reflects the Government's approach to multilateralism and

North-South Relations. Canada's membership in these institutions allows Canadian firms to compete for certain project inputs financed by the IFIs in developing countries. We saw this summer in Brazil and in Venezuela where Canadian firms have been, in a sense, assisted by this kind of financial aid in providing services and in undertaking projects in South American countries.

The Bill is quite straightforward, and that is the reason I will not be speaking very long, contrary to the admonitions of the Member from Yukon who in his point of order spent about half as much time as I propose to spend in debate. I think it is a sad commentary on the House Leader of the Official Opposition that he would try to delay the proceedings and workings of the House in this manner.

Paragraphs 2 and 4 and the Schedule of this legislation specify the institutions covered by this Act and provide authority to the Governor in Council to add or delete institutions from the Schedule. Paragraph 3 authorizes the provision of financial assistance to these institutions by way of direct payment, demand notes and share participation. Paragraph 5 directs that the funds required for the purposes of this Act shall be appropriated by Parliament and shall be limited to the amount appropriated.

Paragraph 6 provides an interim appropriation until the submission of the Main Estimates next spring. These appropriations cover the following investments: the fourth and final payment to the fourth general capital increase of the Inter-American Development Bank. Of course, as I have pointed out, these funds are in dire need. When we see countries with a debt burden such as Brazil has, when we see the growing insolvency of countries such as Venezuela plus a myriad of other South American countries, we obviously must appreciate that this payment is crucial at this particular point in time.

It provides also the fourth instalment to the third general capital increase of the Caribbean Development Bank which, of course, is also greatly needed. The Caribbean countries have suffered extremely in the current recession. The oil price increases that they have had to swallow over the past few years, the decline of tourist revenues because so many North Americans, in particular, are staying at home as a result of the recession, have literally put these countries over the barrel. It is only with assistance from overseas financial institutions such as the Caribbean Development Bank that such countries can continue to subsist and be tied over until times become somewhat better.

This Act also provides for the fourth and final payment to the Third Replenishment of the Asian Development Fund of \$56,722,000; the fourth and final payment to the Inter-American Development Bank's Fifth Replenishment to the Fund for special operations of \$18,156,000; a contribution to the Special Development Fund of the Caribbean Development Bank which totals \$531,000; and the first payment to the Third Replenishment of the African Development Fund which is, I think, in the neighbourhood of \$34 million. With the