

Bretton Woods Agreements Act

ment. As a rule we have approved very strongly in the past all multilateral approaches. However, we are increasingly concerned about what has been happening in many multilateral institutions which most Members of the House have supported in the past.

For example, we are concerned about the trend to withdraw support from these institutions. We see it being initiated by the Reagan administration in the United States. I note with particular concern Canada's position at the recent UNESCO meeting in Paris at which, it seemed to me, Canada hardened its stance, hinting that it was following the U.S. lead and possibly giving some consideration to withdrawing from UNESCO. We would be very troubled if Canada should fall in line with the trend we see taking place in the U.S. administration. If it is, it is even more important that there be a full parliamentary and public debate on all legislation affecting our participation in multilateral institutions. If we do not have that kind of debate, specifically returning to international financial institutions, then we as a Parliament will not be able to address seriously reforms which are needed in these institutions, not only to enhance the stability of industrialized nations but, even more, to enhance the economic survival of the least developed countries of the South and the political stability of all.

I hope it is not the intention of the Government to avoid altogether public and parliamentary discussion of these vital issues. In making this change in Clause 6 I think that is effectively what it is trying to do. A part of my fears is engendered by some of the references of Conservative Members in previous debates in earlier years, including the Hon. Member who is now the Minister of Finance (Mr. Wilson), suggesting or implying that Canada did not need to give, should not be giving nor continue to give support to international financial institutions such as the World Bank, IMF and regional development banks. We certainly have many criticisms of the operation of these banks, but we do not want to see the Government move out of Canada's involvement in multilateral affairs.

● (1550)

We are worried about removing the possibility of any parliamentary debate after this debate. That is exactly what the Government may be doing. I would urge it to look at the comments of a former Conservative Member, Douglas Roche, in the House of Commons on March 25, 1983. He did not want Canada to withdraw from its international commitments. This was during the debate on the International Development Continuing Assistance Act. That debate related to the replenishment of the funds of the regional development banks. Mr. Roche said:

One of the reasons for the importance of debating this legislation is the fact that it is a very rare occasion when the House is seized of any sort of debate on these matters, let alone dealing with legislation having to do with Canada's role in international development. As we know, CIDA has been operating through the years without an Act of Parliament. The only time we deal in any substantial way with CIDA does as the main proponent of Canada's role in international development, is at the time of the Estimates. I am afraid that all Members of the House are too well aware of the inadequacy of the rules concerning the

examination of Estimates that preclude the full treatment that important spending programs require.

I recommend to the Minister of State for Finance (Mrs. McDougall), in whose name this Bill stands, that she look again at those comments of a former Conservative back-bencher.

Let me ask a very serious question. Is it the intention of this Government to abstain from addressing in any meaningful way the vital issue of international development, as it seems to be doing in failing to address our concerns about the North Warning System and star wars?

It has been very clear for some time that reform of the international monetary and financial system is essential. It is long overdue. The creators of the Bretton Woods Agreements, could not, of course, have foreseen the extent of the changes in the world economy, the vast capital movements, the major imbalances and external payments, foreign debt, the operations of the multinational banks and corporations and the extent of global interdependence which now exists.

A great deal has been written on these matters. One book I found most interesting and helpful is entitled *Towards a New Bretton Woods*. The report is by a Commonwealth study group. I believe it came out in 1983. It is an excellent series of essays addressing the challenges for the world financial and trading system.

As I pointed out in previous debates, the activities of the commercial banks have undermined the developing countries through, in my view, the banks' totally irresponsible behaviour throughout the 1970s in the expenditure of their petro dollars, almost begging many of the developing countries to take easy loans, to the point of enormous over-spending with huge profits for themselves in the process. The resulting burden of debt, the effects of the world recession and the ultimate withdrawal of commercial lenders forced developing countries into almost total reliance on the International Monetary Fund and, for different purposes of course, on the World Bank.

According to the *North-South Institute Review*, an outlook for 1983-84, the outstanding external public debt of developing countries now exceeds \$600 billion, more than double that of five years ago. Of this, 80 per cent is owed by 20 countries and fully one-third by the three largest borrowers. The balance of payment problems and the repayment of many low income countries are almost insurmountable. The debt servicing obligations and new financial outflows over the next three to four years is a net transfer of resources out of developing countries, threatening economic, social and political stability and making development and growth an impossibility.

The developing countries are now at the point where an IMF agreement has become a crucial seal of approval of credit worthiness. It has become a precondition for gaining access to other sources of finance. The growth of IMF quotas on which members' access is based have not kept pace with demand. Expressed as a percentage of world trade, IMF quotas have fallen from a peak of 13 per cent in 1959 to a low of just under 4 per cent in 1982.