

In the richer countries, which are able to afford to share their good fortune, budgetary problems and balance-of-payments difficulties do exist, will probably continue to exist and must be overcome. It is always tempting to go slow on aid as one of the easiest and quickest ways to help restore equilibrium. And yet, as I said at last year's meeting, it should not be beyond our capacity to manage our affairs in such a way as to effect these transfers of aid without undue strain on our economies. There will be agreement, I am confident, that the war against starvation, sickness, ignorance and poverty in less-fortunate parts of the world should be continuous and escalating. This will not be possible if the level of aid is to be treated as a residual item in national planning.

In the present circumstances, it may be necessary to build into IDA replenishment some balance-of-payments safeguards. We do not advocate such safeguards but we are prepared to accept them if this means that IDA could be replenished at a higher level. The safeguards should not affect a country's obligation to give more aid but only enable it to postpone the effective date. Their establishment should be related to balance-of-payments difficulties only, not to other objectives. They should be temporary and they should be of such a character as not to undermine or weaken in any way the basic principles which have governed the operations of the World Bank group and which have proven to be so successful in the past. IDA replenishment also raises the choice between multilateral and bilateral aid. The relative advantages and disadvantages of these two forms of aid have been discussed at great length and I do not wish to renew the debate here. Although it is evident that, in the immediate future at least, most aid will continue to flow through bilateral channels, there is nevertheless an evident need for more multilateral aid and an important part for it to play. As ministers of finance and governors, concerned as we are with the effective use of public funds, we can take some satisfaction from the soundness of investment in IDA and by IDA. The management and board of directors have rightly insisted that projects should be selected on their economic merits alone, that international competitive bidding should apply and that attention should be paid to the development policies of the borrowers. In addition, there is good reason to believe that the activities of the World Bank group create a climate within developing countries which enhances the effectiveness of bilateral programmes.

In conclusion, Canada attaches the highest importance to the early replenishment of IDA at a substantially higher level. This support is consistent with my Government's decision, made some time ago, to undertake steady increases in the Canadian aid programme. This decision has only recently been reaffirmed despite the efforts which we shall be making by budgetary policies and otherwise to limit the upward pressures on costs and prices to which I have already referred. We rank aid among our highest priorities and we are determined to follow policies that will release the required resources.