

domestically and internationally. The MTN results will be a major factor in the broader adjustment process facing the Canadian economy and the world at large.

North-South Challenge

Canada's commitment to the North-South dialogue was maintained in many ways: at the United Nations, through bilateral contacts, ad hoc groupings, or by means of contacts in the Commonwealth and La Francophonie. Prime Minister Trudeau participated in the "Manley Summit" in Jamaica which provided an informal opportunity for discussion of major North-South issues by a small group of government leaders. There were some signs of a more pragmatic approach to the North-South dialogue as rhetorical confrontations diminished and attention focused on the identification of issues where progress could realistically be expected.

Support for International Development

Despite the imperatives of the government's expenditure reduction program, the Canadian International Development Agency's budget remained at approximately \$1-billion, which underlined Canada's commitment to an active, effective and humane program of development co-operation with the disadvantaged countries and peoples of the world. Ways and means of sharpening the focus and improving the quality of Canada's development-assistance program continued to command attention.

East-West Relations, Security, Arms Control and Disarmament

While the relaxation of tension in Europe was still regarded as a desirable goal by both East and West and the situation in Europe remained stable, conflicts in other areas including Africa and Southeast Asia put détente in the global sense to the test. Canada, together with its allies, worked to prevent the erosion of confidence and to reaffirm the value of détente. It was in this spirit that Canada actively pursued mutually advantageous relations with the Soviet Union and the countries of Eastern Europe in terms of expanded trade, cultural and scientific exchanges, and family reunification. Building on government efforts since 1970, Canada moved in 1978 to take advantage of new opportunities presented by China's opening to the West.

In May 1978, at the Washington "Summit", heads of NATO governments were able, in the light of the fresh study of trends in East-West relations, to endorse a general long-term program designed to improve the deterrence and defence posture of NATO during the 1980s. Canada demonstrated its continued commitment to the alliance by participating in collective defence undertakings and by maintaining programs of capital expenditure to acquire new equipment for Canadian Forces, including those assigned to NATO roles.