

place consumers and producers in opposite camps. Yet, relative stability is in the long term interests of both. Too high prices now mean economic stagnation, while too low prices may mean an energy crisis in the not too distant future. Similar problems arise with other commodities.

"Surely energy producers and consumers should be brought more closely together so that all our common interests can be better served. We must not permit our economic hopes for the Eighties to be darkened by failures in energy arrangements.

"The 1970s forcefully revealed yet another aspect of international interdependence. It revealed that inflation and economic stagnation in the industrial countries soon leads to slow growth among the developing countries. Interdependence here is uncompromising, impersonal, and cruel. It is therefore of concern to us all that we do not yet fully understand why industrial decay set in among the industrialized countries in the 1970s. The structural impact on some of our industries of exploding technology, of major changes in energy costs, of swift shifts in the competitive position of particular countries, goes much deeper than that of a temporary economic slow-down.

"The 1930s produced a Maynard Keynes for bringing insight into demand management. The 1980s need quite a different insight. It concerns the prerequisites for stable, non-inflationary economic growth, and rising productivity. Our various international institutions, including the Fund and the Bank, can and must help industrialized countries understand better the nature of their obstacles to growth and productivity, as well as help developing countries overcome the obstacles they face."

State of the Canadian economy

Allan MacEachen, in his capacity as a member of the board of governors of the International Monetary Fund and the International Bank for Reconstruction and Development, and as Canada's Finance Minister, said at the joint annual discussion that Canada with its highly open economy "has been particularly vulnerable to the effects of international inflationary pressures, high and volatile interest rates, and the depressed state of world commodity markets. As a result, output since last summer has dropped sharply, with severe declines in primary and secondary industries. The squeeze on profit margins has contributed to a regrettable decline in job-creating investment.

Nonetheless, inflationary expectations remain deeply entrenched. Inflation, while somewhat lower than its peak at 13 per cent a little over a year ago, continues to be the main obstacle to recovery....

"Unemployment has risen dramatically in most of the industrialized countries with over 30 million unemployed in the Organization for Economic Co-operation and Development area. Over the past year, unemployment in Canada has risen dramatically from 7.5 per cent a year ago to nearly 12 per cent or 1.4 million people at the present time. As for most industrialized countries, the prospects for absorbing these unemployed rapidly are not promising. And yet we remain firm in our resolve to bring about renewed economic growth and create more jobs by dealing with the source of the problem — inflation.

Lower inflation

"Earlier this summer, I introduced a new budget which demonstrates a clear and strong commitment by the government of Canada to speed the process of adjustment to lower levels of inflation. The maintenance of an anti-inflationary monetary and fiscal policy stance is being reinforced by a number of creative policy initiatives to build a new social consensus. Our goal is to move from a 12 per cent world of recession to a 6 per cent world of recovery.

"Since the introduction of this budget, I have been encouraged by the response of many Canadians who have joined in the co-operative struggle against the obstacles to recovery. The Canadian government has provided leadership by implementing firm wage restraint in the federal public sector, keeping wage increases to 6 per cent this year and 5 per cent in the next year. The government has also subscribed to similar objectives in the area of administered prices under its jurisdiction. Given the national character of this effort, the government has called upon provincial and municipal authorities to endorse this program. Our consultations in recent months with the private sector, including labour, have been fruitful and productive.

"The consensus which is being built through these efforts forms the cornerstone for an acceptable and lasting solution to the seemingly intractable problem of inflation in our economy. It is our view that these efforts must be voluntary in nature if they are to be truly effective."

Canada at space meeting

Minister of State for Science and Technology John Roberts led the Canadian delegation to the second United Nations Conference on the Exploration and Peaceful Uses of Outer Space (UNISPACE) held recently in Vienna, Austria.

The UNISPACE conference brought developments in space science and technology to the attention of all countries, particularly the developing countries, and showed how this technology could be applied to problems of national development. The conference also considered how international co-operation in this area could be strengthened.

Canada, a world leader in space technologies such as domestic satellite communications and remote sensing for resource management, viewed the conference as an opportunity for countries to share experiences and examine how these applications could best be used. Canada was the third nation in the world with a satellite in orbit and this year commemorates the twentieth anniversary of the launch of the *Alouette 1*. *Anik D*, the first commercial communications satellite built in Canada, was launched last month and over the past year, the widely acclaimed Canadarm has been tested in space several times.

Accompanying the conference was an exhibition of space technology demonstrating Canadian industrial and technological capabilities in the space sector as well as expertise in applications. A satellite-delivered health care experiment, which was broadcast live to the conference hall, demonstrated how space technology could be used to bring essential health services to remote areas.

Relief to Lebanon and El Salvador

The Department of External Affairs recently announced that Canada is providing a grant of \$150 000 to the World Council of Churches for its program of humanitarian assistance in Lebanon and a grant of \$50 000 to the Pan American Health Organization to aid victims of the June 19 earthquake in El Salvador.

The funds for both grants are being provided through the international humanitarian assistance program of the Canadian International Development Agency.