

ECONOMIC SUMMITS

The annual Economic Summit is the most visible element of an extensive, ongoing process of international consultation and co-operation among the group of seven major industrial democracies known as the G-7 countries.

Discussions held during the summits and at meetings of the Group of Seven finance ministers (G-7) are closely linked to work in other international fora, including the International Monetary Fund, the World Bank, GATT, and the Organization for Co-operation and Economic Development. Through these institutions, governments seek to manage an increasingly interdependent world economy.

The London Summit will be the culmination of a process that started several months earlier. Issues on the summit agenda are reviewed at several advance meetings of "sherpas," the personal representatives of summit leaders. Through their preparatory meetings, the sherpas seek out areas of agreement that may form the elements of a summit consensus on main issues. Prime Minister Mulroney's personal representative is Derek Burney, Canadian ambassador to the United States.

History of Economic Summits

The first Economic Summit took place in Rambouillet in 1975. The president of the Republic of France invited his colleagues from the United States, the United Kingdom, the Federal Republic of Germany, Japan and Italy to discuss the major economic issues of the day in an informal and relatively unstructured environment. Canada joined in 1976 at the Puerto Rico Summit; the European Community joined in 1977 in London.

Canada earned a seat at the summit table on the strength of its economy, which stands seventh among the Western industrialized countries, and its traditional role on the international scene. Canada has a great deal to gain and much to offer the group because

of its strong dependence on international trade and the wealth of its natural resources.

The first summits focussed on economic recovery. The participating heads of state and government agreed on measures to support stable economic expansion and to reduce high levels of unemployment, without increasing inflationary pressures. At these summits, it was recognized that structural changes had to be made in national economies in order to cope with rising oil prices and the new economic realities.

In the early 1980s, the fight against inflation became a primary concern. The leaders agreed on the need to restrain public borrowing and to contain growth of the money supply. They increased their efforts to harmonize their policies in order to expand, reinforce and maintain the recovery that followed the 1981-1982 recession. They have since sought to ensure continued economic stability and prosperity by reducing inflation, interest rates and budget deficits.

In view of the growing emphasis given to the co-ordination of economic policies by the countries participating in the summits, it was agreed in Tokyo in 1986 that the Canadian and Italian finance ministers would join those of the U.S., France, the U.K., Germany and Japan to form the Group of Seven. Members of the G-7 meet between the summits to discuss the economic performance and policies of their respective countries. This strengthens economic and monetary co-operation and guarantees Canada an active participation in international economic discussions affecting its interests.

While economic issues have traditionally been uppermost on the agenda, political issues have gained some prominence over the years. Positions and initiatives developed at the summits serve as catalysts for discussion in various international fora. This has resulted in significant progress in areas requiring multilateral co-operation.

Such was the case, for example, with international terrorism following the 1978 Bonn Summit, and with drug trafficking and money laundering, as a result of the 1989