

Economic and technological affairs

General economic policy

The importance of Canada's international economic relations has been increased by a number of factors and tendencies that have been manifest since 1973 and show signs of persisting for the remainder of the decade. The impact on Canada of oil-price changes, continuing balance-of-payments surpluses for Japan and Germany, and wide fluctuations in international exchange-rates have underlined the close relation between Canada's international and domestic economic policies.

The major Western trading nations (the United States, Japan, Germany, France, Britain, Canada and Italy) have responded to the need to promote economic co-operation by means of economic "summitry". At the London economic summit meeting in May 1977, government leaders acknowledged the urgency of creating more jobs while continuing to reduce inflation. They particularly emphasized the problem of unemployment among young people. They committed their countries to targets for their domestic economies and accepted commitments to strengthen the international trading system and reject protectionism. In addition they called for improved international financing facilities and for energy-conservation and diversification of production.

In June 1977, the Conference on International Economic Co-operation (CIEC), or the "North-South Conference", in which Canada played a major role as co-chairman, ended its work. It had significant achievements to its credit, though there was also major disappointment about its unrealized goals. Support was achieved for the notion of a common fund for commodity-price stabilization; agreement was reached on a \$1-billion International Fund for Agricultural Development; commitments were made on future levels of development-assistance; and agreement was reached on some elements of a comprehensive program of energy co-operation.

At the OECD Ministerial Council meeting in Paris in June, Canada called on countries to consolidate the achievements of the CIEC. The 24 participating governments adopted a special declaration on their relations with the

developing world, which expressed their willingness to continue the dialogue on co-operation to build a more equitable and stable economic system. They also reaffirmed their support for the OECD strategy for sustained world economic expansion: a progressive return to full employment and price stability. The OECD members also agreed to renew the "trade pledge" that encourages member governments not to resort to restrictive trade measures in reaction to domestic economic difficulties.

The resumed thirty-first session of the United Nations General Assembly evaluated the work of the CIEC in the autumn of 1977. On the basis of this evaluation, the thirty-second regular session, which followed immediately, established an "overview" committee for North-South issues, with the aim of strengthening the UN General Assembly's role in the North-South discussions. The thirty-second session also discussed preparations for establishing a new international development strategy for the 1980s.

In their annual meetings in September, the International Monetary Fund and the World Bank focused attention on efforts by the major industrialized countries to achieve economic recovery. The responsibilities of countries with major balance-of-payments surpluses were stressed.

These meetings were only part of the international process of economic consultation. Canada also participated in regular international economic discussions in UNCTAD, the OECD, NATO, the CSCE, GATT and the regional development banks. Bilaterally, Canada negotiated double-taxation agreements and held trade talks with a number of countries, as outlined elsewhere in this review. Changes in Canadian commercial and economic policies concerning South Africa were announced, as well as measures implementing Canadian policy with regard to the Arab trade boycott of Israel.

In review, 1977 was a difficult year for the world economy. Domestic and international developments combined to create additional obstacles to the maintenance of a more equitable international economic system. As an industrialized country, Canada continued to play an important role in seeking to resolve these difficulties.