

strategic stability and political *détente*, there was no indication of immediate progress in strategic-arms limitations or in the reduction of forces in Europe. Canadian policy accordingly supports collective consultation through NATO and strategic deterrence, while at the same time maintaining efforts to secure disarmament and the development of mutually-beneficial international co-operation.

Conference on International Economic Co-operation

By the end of the year, there were indications that the industrialized nations of the West were at last emerging from the world-wide recession that first became evident in 1973, and that rampant inflation, rising unemployment and negative growth were being contained and in some areas reversed. Although there were indications of modest economic recovery, it was questionable whether there would be a return to the sustained general economic expansion of the early 1970s. The international recession had called into question the appropriateness and adequacy of the postwar international monetary system, traditional trading patterns and the assumption of unlimited economic growth.

The unprecedented concurrence of acute inflation and recession and, in particular, the increase in oil prices and the higher costs of food and fertilizer continued to place severe strain on international economic relations, above all those between the developed and the developing world. The effects were felt most strongly in the developing countries — especially the least-developed — which found themselves caught between increasing prices for energy and for imported manufactured goods, on the one hand, and uncertain demand and unstable returns for their own primary products, on the other.

The seventh special session of the United Nations General Assembly represented a major step forward in the development of a North-South dialogue, aimed at establishing a sound and effective basis for economic co-operation that would enable all countries — industrial and developing, consumer and producer, rich and poor — to face the future with confidence. In discussions characterized by an encouraging degree of co-operation, the General Assembly adopted positive and far-reaching resolutions on international development co-operation that sought to

reconcile conflicting interests and to reflect the realities of global interdependence.

It was a desire to maintain the momentum generated at the seventh special session, and to carry further the spirit of constructive compromise that characterized those discussions, that inspired the Conference on International Economic Co-operation that opened in Paris in December, with Canada and Venezuela as co-chairmen and 27 countries, representing both consumers and producers, participating in discussions focusing on energy, raw materials, development and financial affairs. The CIEC represented a major attempt to achieve greater equality in international economic relations, and the more equitable sharing of global resources.

As a country whose economy is highly dependent on foreign trade, Canada has a vital interest in a strong and versatile world economy. Canada's position as a major producer as well as a consumer, and its continuing dependence on foreign capital and on the export of primary products, encourages an understanding of the aims and aspirations of developing states that was aptly demonstrated during the seventh special session and by the Canadian role as co-chairman of the CIEC. Canadian leaders have specifically and publicly stressed the importance and urgency of finding a new international economic equilibrium and Canada's readiness to co-operate fully in reducing the economic vulnerability of the emerging nations and improving the lives of their people.

Development and economic co-operation

Canada has for more than 20 years been involved in a wide-ranging program of development assistance to developing nations. The Strategy for International Development Co-operation for 1975-80, which was presented during 1975, reaffirmed the Canadian commitment towards Third World development and reiterated Canadian recognition of the fundamental right of all human beings to share the resources and conditions necessary for human life and dignity to flourish. The strategy called for concentrating aid in programs that benefited the poorest sectors of society in the countries most seriously affected by the world economic situation, so far as this was possible.

There was also Canadian support for the activities in 1975 of the International Energy