

compete with Canada for export markets. Of course the Third World is not a homogenous entity. Several of the Pacific Rim "Newly Industrialized Countries" (NICs), such as Taiwan, Hong Kong, South Korea, and Singapore, are becoming increasingly developed, mature economies. These countries should become a more important focus of Canada's foreign economic policy in the future.

A final direct economic linkage is our substantial annual expenditure on foreign aid. Channelled through the Canadian International Development Agency, through multilateral assistance programs, and through voluntary agencies, our official development assistance is targeted to rise to 0.6% of GNP in 1990 and 0.7% by 1995. Present aid totals are approximately two billion dollars a year. This is a significant sum of money for Canada and the Third World, and we must ensure that the maximum potential benefit is achieved. As Canada's own economic and fiscal circumstances improve, the Business Council believes that Canada should aim to increase financial and other forms of aid, particularly to the poorest developing countries. At present, however, Canada's own difficult fiscal position militates against any significant expansion of foreign aid.

The Need for Greater Policy Coordination

In an increasingly interdependent world, many of the major economic problems facing Canada and other countries cannot be solved or effectively dealt with through unilateral national decisions. This is now generally understood by the governments and the peoples of the leading industrialized countries. Different views in the world's largest industrialized countries on the priority to be attached to various problems and policy objectives can