Beyond policies focussed narrowly on the business environment lie broader areas of what might be called "framework" economic policies whose harmonization commands, at least in some respects, little dissent. One such area, of course, involves the continuous attempt by industrial countries, at Summits, in the OECD, at the G-7, and within the International Monetary Fund, to engage in multilateral co-operation in establishing the structures of monetary and fiscal policy.

Perhaps more contentious are attempts by OECD members to co-ordinate those economic policies, such as interest and exchange rates, and government spending levels, which affect a country's ability to deal with the accelerating pace of globalization of trade. There has also been enormous pressure to integrate world financial markets and institutions. These trends, which echo those in international trade generally, include deregulation, reduced exchange controls and extra-national use of national currencies, securitization, new types of transaction processing, and twenty-four hour screen-based trading. One consequence of these global forces has been to add substantially to domestic pressures for deregulation and integration of financial institutions in and between Canada and the United States[114].

Canadian participation in international co-operative attempts to deal with growing interdependence and the globalization of the economy, and a significant unilateral domestic response, were both already well under way before the inception of the trade negotiations with the United states. For instance, with reference to international attempts among the G-7 countries to manage exchange rates, the Governor of the Bank of Canada recently stated that:

> the major industrial nations are presently engaged in an exercise of international economic co-operation and co-ordination that is quite unlike any previous experience in its regularity and intensity, and in the scope of its agenda. This exercise has implications for all kinds of policies, including monetary policy[115].

Some have suggested that international monetary and fiscal co-ordination on this scale threatens national sovereignty; yet it is also contended that "nations do not lose sovereignty by reaching agreement with other sovereign nations to reassert some measure of political control over the evolution of economic events"[116]. A failure to respond to international pressures for harmonization, by not harmonizing directly, negotiating multilaterally or creating national programmes with equivalent effects to international standards may lead to isolation, protectionism and economic decline. Policies to restrict competitiveness may contribute to the erosion of the very sovereignty they were intended to protect. How a country faces these pressures, whether actively with initiative or passively by rear-guard

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[114] Discussed in Section 5.2.1 below.

[115] Speech by John Crow, Bank of Canada, May 15, 1989.

[116] OGATA, COOPER, SCHULMANN, 1989 International Financial Integration: The Policy Challenges Report to the Trilateral Commission #37, p. 2. New York: The Trilateral Commission.