
III. THE PROMOTION OF PROSPERITY AND EMPLOYMENT

The United Nations Human Development Index has rated Canada as among those countries with the best quality of life in the world. The protection and enhancement of that standard is a key goal of Canadian foreign policy. As the Special Joint Committee pointed out, Canada's prosperity depends on more than sound domestic economic policies, although these are essential. It depends as well on wider global prosperity and on our ability to take full advantage of the opportunities this presents.

Economic growth and job creation in Canada require a stronger focus on domestic initiatives, including getting our fiscal house in order, so as to encourage investment and the export of competitive goods and services. They also require a healthy, rules-based international economic system.

The system that has evolved since the late 1940s has underpinned productivity growth and improved living standards worldwide. It has also constrained the ability of larger economies to pursue economic policies unilaterally to the detriment of Canada. The system has, on the whole, worked well for us and has demonstrated an impressive capacity to adjust to changing times and pressures. Moreover, Canada has worked hard to protect and promote our interests through the international economic system, a system that we have shaped to a very significant extent.

An Evolving International Context

The Multilateral Trade System is critical to Canada's prosperity.

- Since the late 1940s, the development and defence of a robust, dynamic trading environment has consistently found its natural home in the General Agreement on Tariffs and Trade (GATT) and now in its successor, the WTO. The implementation of the recently-concluded Uruguay Round of multilateral trade negotiations, which, among other things, led to the WTO, was secured in late 1994 when the major world economies and many key developing countries adopted the new balance of rights and obligations in their domestic law.

The WTO extends international rules much more comprehensively than before. The new rules will now cover trade in goods (including formerly largely excluded sectors such as agriculture as well as textiles and clothing) and services. The new rules also constitute important first steps to underpin fair competition for direct