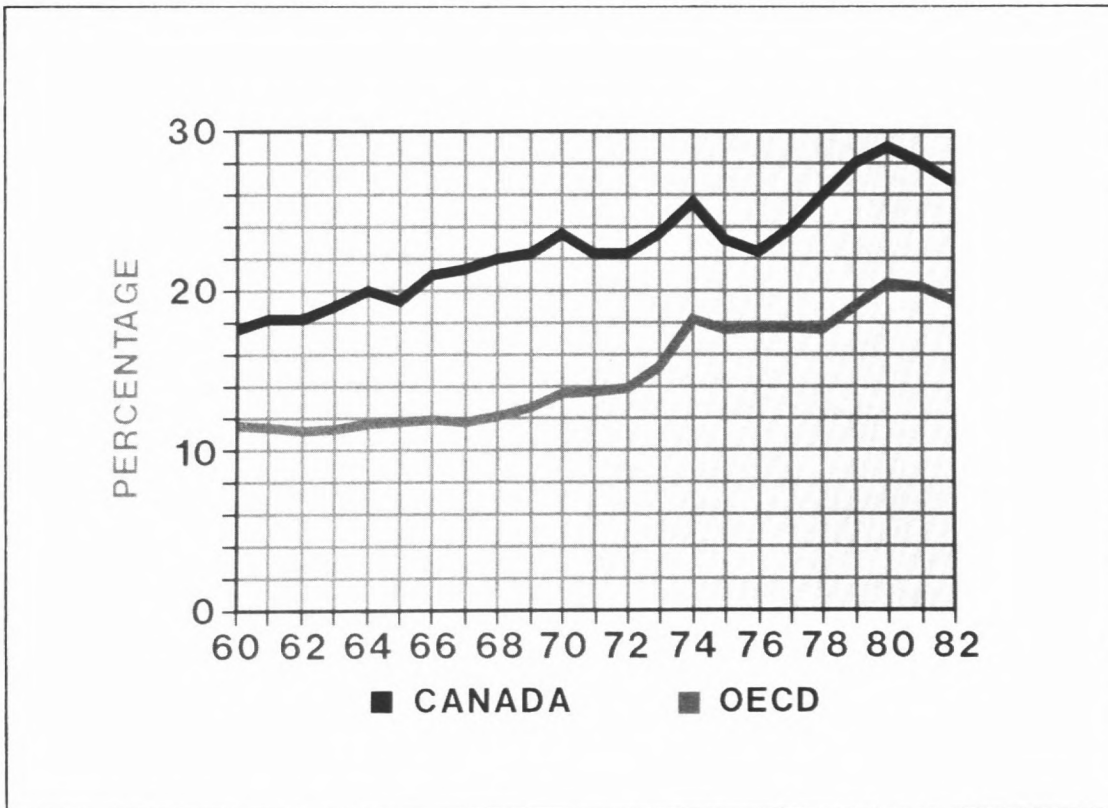


the multilateral contractual framework for much of the world's trade in goods. The International Monetary Fund (IMF) has provided the institutional framework for monetary cooperation and balance of payments adjustments. The World Bank and the regional development banks have been important instruments in Third World economic development, as have the UN Development Program, the World Health Organization, the Food and Agriculture Organization and UNICEF.

Canada has played an important role in shaping this system, and continues to hold to the vision of an international economy where all might share in the benefits of stable growth and prosperity. On the whole, the system has served the world well, increasing the extent of interdependence in the process. International trade in goods and services has greatly expanded; it is estimated that it now totals \$2 trillion per year. Exports are clearly of growing importance to the prosperity of nations, Canada in particular. (See Figure 1.) International investment capital flows have also expanded, amounting now to between \$160 and \$180 billion per year.

Figure 1: EXPORTS AS A PERCENT OF G.D.P., 1960-1982



Source: OECD Data Base via I.P. Sharp, 1985.

The benefits of economic interdependence have been great but there have also been significant costs. International economic stresses and competition are now felt more dramatically and quickly than before, and domestic policies are often subject to international scrutiny and retaliation. As a consequence, conflicts arise between the requirements of an efficient and equitable international system on the one hand and national economic and social policies

International economic stresses and competition are now felt more dramatically and quickly than before.