

## 1976: A Year of Consolidation

The year 1976 was one of varied, and occasionally dramatic, events on the international scene. There were no major international crises; rather, old problems reappeared in new guises and created fresh challenges. International efforts were devoted for the most part to the search for the accommodation of divergent interests on numerous important, complex, and at times seemingly intractable, issues.

### International economy

Economics dominated the international scene and the year's events, accomplishments and disappointments must be seen against a background of continued economic uncertainty. In some parts of the West recovery from recession was slower than expected and, while inflation rates were reduced, unemployment remained high and growth-rates low. This sluggish recovery had global effects. While some national economies experienced improvement, many continued to experience serious difficulties, which were frequently exacerbated by balance-of-payments problems caused largely by the high price of petroleum — increased once again as the year ended — and of some other commodities. Continuing economic difficulties generated pressure on the established mechanisms for bilateral and multilateral co-operation in the trade and monetary fields, and in some quarters raised doubts once again as to the ability of existing institutions to meet the needs of the future.

The economic situation had important implications for Canada, whose growth depends on international trade and co-operation to a high degree. A strong and versatile international trade and economic environment is, therefore, of special importance for the preservation of a healthy Canadian economy. Moreover, Canada's distinctive position as a producer and exporter of both primary products and manufactured goods sets it apart from most other countries.

Canada was very active during 1976 in support of collective action in economic matters. The Prime Minister participated in the economic "summit" conference, held in Puerto Rico in June, of the leaders of seven major

Western industrialized nations. Canada participated in the multilateral trade negotiations (MTN) in Geneva, which considered the elimination or reduction of both tariff and non-tariff barriers, and took part in the discussions of the International Energy Agency (IEA), which led to agreement early in the year on a program for long-term energy co-operation among developed countries. Canada had the co-chairmanship of the Conference on International Economic Co-operation (CIEC) and the Canadian delegation was a prominent participant.

### North-South dialogue

The concern, shared by developing and developed countries, to achieve an orderly and equitable evolution of the international economic system was most evident in the deliberations of the Conference on International Economic Co-operation (CSCE), which met in Paris during the year. The conference paid particular attention to the development of an effective and continuing producer-consumer exchange on energy, the moderation of fluctuations in commodity prices, the solution of debt problems and the co-ordination of international development assistance to give it maximum effectiveness.

Canada further expanded its development-assistance program during the year, on the basis of its "Strategy for International Development Co-operation for 1975-80". Disbursements of more than \$900 million — more than a quarter of which went to multilateral institutions concerned with the problems of developing countries — made Canada a major contributor of development assistance to the Third World. Canada was also closely involved in the development of follow-up programs to recent international conferences on population, food (including support for the newly-established International Fund for Agricultural Development) and shelter. A highlight of the year for Canadians was the United Nations Conference on Human Settlements (*Habitat*) — the largest special conference ever held by the world body —, which took place in Vancouver in June.