

and programs entitled *For Whose Benefit* (the Winegard Report). This report was a key policy document based on consultations with a wide range of Canadian groups and individuals. The government's response, *To Benefit a Better World*, tabled in September 1987, accepted in whole or in part 111 of the Committee's 115 recommendations. The government's review of its aid policy culminated in the publication by the Minister for External Relations and International Development, Monique Landry, of *Sharing Our Future*, in March 1988. This document outlined a new aid strategy that brought together the themes contained in the response to the Winegard Report and outlined a number of new initiatives. Among the features of the strategy are an Official Development Assistance Charter, and a focus on helping the poorest countries, on human resource development, on the primacy of development objectives and on the promotion of partnership. The government underlined its commitment to increase ODA spending to 0.6 per cent of GNP by 1995/96 and to 0.7 per cent by the year 2000. Human rights were to be considered more systematically in coming to decisions on aid levels and channels. Levels of untying were to be increased, particularly in sub-Saharan Africa and in the least-developed countries. A substantial decentralization shift of CIDA activities and personnel to the field was announced to begin in 1988.

Canada participated in UNCTAD VII, the first successful North-South meeting in many years. The conference achieved, for the first time, a common assessment of the international economic situation as well as agreed orientations for future international deliberation and co-operation. Monique Landry addressed the conference and members of the Canadian delegation played key roles in achieving some of the compromises on financial questions and the problems of the least-developed countries, and on trade and commodities issues.

The Francophone Summit in Quebec in September and the Commonwealth Heads of Government Meeting in Vancouver in October each focused on the economic and development problems of developing countries. In addition to ODA debt forgiveness mentioned above, the Vancouver Declaration on World Trade urged that special assistance be given to the developing countries to enable them to participate fully in the Uruguay Round of Multilateral Trade Negotiations (MTN). Canada supported a number of projects designed to provide trade policy assistance to LDCs.

Canadian representatives continued work to improve the effectiveness of the UN General Assembly's Second Committee. Members of the Canadian delegation helped shape resolutions on debt and on Africa's economic problems. In both ECOSOC and UNCTAD's Trade and Development Board, Canada was successful in focusing greater attention on the importance of practical reforms and on the kind of longer-term institutional evolution needed to enhance the operation of the multilateral system.

Economic and financial relations with developed countries

Multilateral economic diplomacy in the Economic Summit and the OECD continued to play a key role in forming Canada's own economic policies, and in affecting the

general tenor of Canada's foreign relations. In addition, issues involving investment policy, intellectual property protection, and trade in financial services arose in both bilateral and multilateral contexts.

The economies of most OECD countries continued to expand in 1987/88, although at a somewhat slower rate than in previous years. Canada enjoyed a growth rate of approximately 3.75 per cent, one of the highest among the industrialized democracies. By January 1988, the unemployment rate in Canada had fallen to 8.1 per cent, its lowest level since 1981. The federal government projected a deficit of \$29.3 billion for fiscal year 1987/88, considerably below the record high deficit of \$38.3 billion in 1984/85.

Canada continued to co-operate closely with its partners on international economic policy, most notably at the OECD Ministerial Meeting in May and the Venice Summit in June 1987. The 1987 OECD Ministerial Meeting made important progress in addressing current problems in agriculture and agricultural trade. Drawing on extensive OECD studies and consultations on the issue, the ministers reached agreement on the need for reforms in these sectors, and made a commitment to make progress, *inter alia* in the new round of multilateral trade negotiations. In Venice the Prime Minister joined with the leaders of the European Community, the Federal Republic of Germany, France, Italy, Japan, Britain and the United States in a number of measures designed to strengthen the world economy. Specifically, the leaders affirmed the agreement adopted by the G-7 finance ministers in February 1987 (the "Louvre Accord"), to reduce international trade and current account imbalances and to lower the U.S. fiscal deficit. The leaders also voiced support for the Uruguay Round, the current set of multilateral trade negotiations being conducted under the auspices of the General Agreement on Tariffs and Trade (GATT), and endorsed the need for fundamental reform of the world agricultural trading system. The difficulties of developing countries, especially the heavy debt burdens borne by some LDCs, were also a source of concern for summit leaders. They called for specific measures to alleviate the difficulties facing the poorest debtors of sub-Saharan Africa, as noted above.

Since the Venice Summit, the major industrialized countries have continued to make progress in adjusting their policies to conform with the Louvre Accord. Japan and the Federal Republic of Germany have adopted measures to stimulate domestic demand. In the United States, an agreement between the Administration and the Congress, following the October 19 stock market upheaval, to reduce federal spending was considered a first step towards more substantial reductions in the future. Canada took a number of steps with the object of reducing its own budget deficit to promote non-inflationary growth; policies adopted by the federal government to this end included tax reform, privatization and the deregulation of domestic markets.

The international economy displayed considerable resilience in the wake of the securities market turbulence of October 1987. Nevertheless, the underlying factors that contributed to the market turmoil, notably large trade and current account imbalances, continued to threaten the stability of the world economy at the end of the year. The challenge facing the international community was to