

COMPETITIVENESS AND ECONOMIC POLICY IN A CHANGING WORLD

The remainder of the twentieth century promises to be a period of major challenge for the Canadian economy. The severe problems presently evident in the international economy, from rising protectionism to the Third World debt crisis, will continue to form an unstable and somewhat ominous backdrop against which Canada must evolve its policies toward the external economic world. Intensified competition from developing and industrialized countries alike will put increasing pressure on a host of Canadian industries in the years ahead. A central economic challenge facing Canada will be to meet and adapt to this growing competition. Another challenge will be to work to strengthen the existing system of multilateral economic institutions and arrangements that have provided a measure of predictability, stability and order in the world economy since the late 1940s. Canada has a special interest in this area, having been a leading participant in the construction of the postwar international economic system in the early years following World War Two.

More than most nations, Canada has a major stake in the preservation of a stable, orderly and open world economy. Canadian policy must be made in full awareness of the variety of ways in which the international economy shapes and constrains Canada's options and opportunities. Few if any of the key domestic policy objectives embraced by most Canadians and successive national governments will be realized if Canada's competitive position in the world deteriorates. As a moderately-sized, open economy heavily dependent on foreign trade and capital flows, Canada has a strong interest in promoting open global markets and well functioning international institutions and rules. This perspective is clearly reflected in Competitiveness and Security, and the Business Council wishes to record our concurrence with the emphasis put in