

THE VERSAILLES SUMMIT: THE SITUATION AND CANADIAN
OBJECTIVES

Summits form part of a broader network of consultations and cooperation on international economic developments, but they are the most important single element in these consultations because of the size individually and collectively of Summit country economies. Together the latter account for over half the world production of goods and services and 80% of the production of the industrialized world. Summits have not produced quick or dramatic solutions to underlying economic problems, but they do enable leaders to gain a deeper appreciation of the extent to which their economies are interlinked, to pursue a more coordinated and effective response, and to generate new policy initiatives.

Canada attaches great importance to its participation in the annual Economic Summits. Our major stake in the international trading system and the high degree to which our economy is interlinked with those of the other Western industrialized countries make it vital that we have a hand in the management of international economic questions.

This year it will be more important than ever for Canada to play its full role in the Summit process. Canada, along with other Summit countries, has experienced a dramatic growth in unemployment, sluggish growth, high interest rates and a continuing high level of inflation - despite some progress in slowing the rise in prices. We will want to contribute to the collective search for a way out of the present situation of stagflation and recession, and to remind our Summit partners specifically of the need to take into account the effect of their policies on others so that sustainable recovery can be achieved in all our countries.

Canada's aims at Versailles can be summed up under the following headings:

Macroeconomic

Because of the continuing recession, Canada believes the macroeconomic situation will be the paramount issue for focus at Versailles. In particular we will work for a consensus among Summit countries on the need collectively to promote conditions which will favour an early and sustainable economic recovery in the industrialized world. This would facilitate the continuing fight against inflation, lessen protectionist pressures threatening the multilateral trading system, and help countries in the Third World.