

Economic policies in Canada have been formulated very much with a medium-term orientation and have resulted in strong gains in output and employment. The fiscal stance I have pursued has involved temporary support to sustain demand in the economy with a timetable for deficit reduction that is geared to a gradual but measured withdrawal of stimulus as business investment picks up. Indeed my approach has relied heavily on the private sector playing the key role in sustaining economic growth, a position I consider essential in a free market economy. Productive, permanent jobs geared to meet the challenges of rapidly advancing technology can only be created in a vigorous market. To encourage this further I have gone beyond focussing on the traditional macro-economic levers and have worked assiduously through intensive consultations among the social partners to promote an understanding as to how the economy must evolve and their respective roles in promoting efficient and effective use of our resources.

In many countries an important factor exacerbating the recent recession and constraining the pace of recovery has been the persistence of structural rigidities in labour markets and in various economic sectors. Well functioning markets, as the Secretary General notes in the type of cogent analysis we have come to expect during his distinguished tenure, allow change to be a force for gain not loss. We must all work to encourage adaptability and counter the resistance to change which seems to have intensified in many instances. Internationally, protectionist pressures have been growing in all countries, threatening not only the prospects for economic growth but also the ability of debtors to service their external obligations. If we are to maximize the opportunities for growth and ensure expanding international trade, we must work towards increasing the degree of flexibility within our economies; protectionist policies work in the opposite direction.