From the Plaza we go to Seoul for Act Three, the annual bank-fund meetings, where the "Baker Initiative" was unveiled in early October. This plan proposed that structural adjustment efforts on the part of debtor countries be supplemented by increased structural and sectoral- (as opposed to more traditional project-) lending by the World Bank group, accompanied by net new lending by commercial banks and "a continued central role for the IMF...in close co-operation" with the International Bank for Reconstruction and Development. The full implications of the US proposal for the role of the Bank, its relationship with the Fund and the commercial banks as well as with the debtor countries remain to be fully spelled out, but there is little doubt that the initiative is another significant development in, and test of, international co-operation.

Finally, on November 28, in Geneva, the contracting parties of the GATT took a decision to establish a preparatory committee for the program of a new round of multilateral trade negotiations for adoption at a ministerial meeting in September 1986. You will be hearing more details of this welcome and important development tomorrow. I simply want to note that what will really be on the table in this round is a strengthened and reinforced multilateral trading system. This system is an international "public good" and it remains to be seen whether the obvious temptation for "free riding" which has characterized the past decade can be overcome.

Let me conclude on a hopeful note. There are signs that policy-making, both domestic and international, is beginning to adapt to growing global interdependence. The question, as I said, is one of timing. Perhaps fear of mutual peril will be the forcing mechanism rather than more high-minded appeals to concord, reciprocity and teamwork. A poem by Lewis Caroll is apt:

> *The Valley grew narrow*
> *and narrower still,*
> *And the evening got darker*
> *and colder,*
> *Til merely from nervousness*
> *(not from goodwill)*
> *They marched along shoulder*
> *to shoulder.*

S/C