

Significant progress has been achieved since Rambouillet. During the recession there was widespread concern regarding the longer-run vitality of our economies. These concerns have proved to be unwarranted. Renewed confidence in the future has replaced doubts about the economic and financial outlook. Economic recovery is well under way and in many of our countries there has been substantial progress in combatting inflation and reducing unemployment. This has improved the situation in those countries where economic recovery is still relatively weak.

Our determination in recent months to avoid excessive stimulation of our economies and new impediments to trade and capital movements has contributed to the soundness and breadth of this recovery. As a result, restoration of balanced growth is within our grasp. We do not intend to lose this opportunity.

Our objective now is to manage effectively a transition to expansion which will be sustainable, which will reduce the high level of unemployment which persists in many countries and will not jeopardize our common aim of avoiding a new wave of inflation. That will call for an increase in productive investment and for partnership among all groups within our societies. This will involve acceptance, in accordance with our individual needs and circumstances, of a restoration of better balance in public finance, as well as of disciplined measures in the fiscal area and in the field of monetary policy and in some cases supplementary policies, including incomes policy. The formulation of such policies, in the context of growing interdependence, is not possible without taking into account the course of economic activity in other countries. With the right combination of policies we believe that we can achieve our objectives of orderly and sustained expansion, reducing unemployment and renewed