

possible significant gains in both housing starts and resale activity.

- Third, in both major economies and developing nations, there has been continuing action on the restructuring effort that is absolutely necessary to respond to the new global environment.

I am not trying to gloss over the fact that in many countries, including both Canada and the U.S., this restructuring has complicated the already difficult effects of the economic downturn. But we must also recognize -- and reinforce public understanding -- that this change is a fundamental necessity for countries, firms and workers to hold on to their existing markets and win new ones. If anything, we have to move forward with greater vigour on structural reform in order to improve the flexibility and productivity of our economies, facilitate adjustment to changing consumer needs and evolving technology, and create new opportunities for growth and jobs.

As a result of these positive factors, agencies such as the International Monetary Fund (IMF) and OECD are predicting modest, positive growth for all Group of Seven leading industrial countries (G-7) in 1992. And this recovery will gain greater momentum in 1993. I believe that this outlook is a credible and realistic one, and that we can be hopeful about the future.

Nevertheless, we must not be blinkered to the real risks that remain. Consumer and business confidence are still very weak. In many countries, including my own, we are facing unacceptable levels of unemployment. In these circumstances, all of the industrialized countries have a responsibility to continue their co-operative efforts at strengthening the global recovery. Our objective must be to get our economies going and to keep them going.

On the part of government, the mix of fiscal, monetary and structural policy to achieve this objective clearly has to reflect the individual circumstances of each country. But it is equally vital that these policies be set within the context of a medium-term strategy for sustainable growth -- including the price stability that is the only sure way to bring interest rates down and keep them down.

That strategy has been the core of G-7 and OECD policy prescriptions throughout the last decade. It is a strategy that emphasizes controlling inflation and inflationary expectations through both monetary discipline and fiscal responsibility; in other words, deficit control and reduction. It also means pursuing structural reforms to build more open, market-oriented economies with less government intervention.