



Brian Mulroney with Japan's Yasuhiro Nakasone and Ronald Reagan

# Summit results will take time Wilson says

By Hyman Solomon

VENICE

"WE BELIEVE we have done enough to maintain the recovery in the industrial world, but if we need to do more to avoid a recession, we will act as soon as necessary," Finance Minister Michael Wilson said in an interview following last week's Economic Summit.

Wilson told The Post that he and fellow finance ministers from the seven most industrial nations (G-7) were not happy with current overall real growth of less than 3%.

But policy actions of recent months, including exchange rate measures, have not yet been fully felt in trade and economic sectors, he said.

"A lot has been done and we must give it time to work," Wilson said.

"We will be meeting again in September during the World Bank annual meetings, and we will be taking stock. If necessary, we will meet sooner."

"The lack of major summit initiatives to maintain the industrial world recovery in the fifth year of its existence will be read in some financial markets as a failure, certain to be reflected in fresh pressure on the US\$, or worse.

Wilson thinks any such interpretation is premature. For example, the new US\$43-billion Japanese stimulus package, if implemented this summer, will give that key economy a significant boost.

The U.S. is also expecting its sharply devalued dollar to finally produce real improvement in its trade balance, and help achieve a US\$40-billion, or 18%, reduction in this year's budget deficit.

The trade turnaround is already under way, but so far is being reflected only in volume rather than price terms.

West Germany, which has strenuously resisted any acceleration of its planned tax reductions for 1988 and beyond, told fellow summiters that real growth now exceeds 2% and is accelerating.

Wilson said the summit endorsement of new G-7 monitoring and surveillance measures will keep Germany's feet to the fire even though it is not bound to change policy course if growth remains sluggish.

## Constant watch

The economic co-ordination surveillance process, adopted by the G-7 finance ministers in Paris last February, maintains constant watch over an agreed set of member-nation economic indicators, and rings alarm bells if any key ones diverge sharply from forecast direction.

"The finance minister involved will have to explain to us why things aren't going as planned. He for sure knows we have all been through the same things, and can't be snowed," Wilson said.

"Just knowing we all have to explain our national policies in the broader perspective of how they will impact on others is a positive influence in itself."

The summit economic declaration also called for a fresh round of interest rate reductions, which, given current low inflation, should be achievable with little danger, it was suggested.

Wilson said the reduction would help ensure a continued flow of capital from