

have removed the main impediments to a freer trading system. However, it appears that the opposite has occurred as nontariff measures of all kinds actually have proliferated. I am sure that there has not been a single intervention at this meeting that has failed to bemoan the ill effects of protectionism both on the countries that impose restrictions and on those against which they are aimed. However, such words must be translated into actions--there is no room for complacency--lack of action will erode the adjustment efforts of debt-distressed countries, hollow out the incentive system of those countries that practice restrictions and in the end produce a "green house effect" in the international atmosphere that may prove to be virtually irreversible. Governments, therefore, must seize the historic opportunity offered by the Uruguay Round of multilateral trade negotiations, bring the Round to a successful conclusion by the end of 1990, and accompany these efforts by domestic policies that remove the rigidities that are the breeding ground for protectionist pressures.

A third condition for restoration of growth in the developing countries is continued, but better balanced, growth in industrial countries. This requires first continued vigilance to contain price pressures as capacity utilization is reaching, or already has reached, high levels. Therefore, until there is further evidence that inflation is abating, monetary policy must remain tilted toward restraint. Second, sound monetary policies must be supported by decisive fiscal actions. While many countries have obtained a better fiscal balance, deficits remain too large in a number of industrial countries, particularly in the United States. This is the more worrisome as slow progress in reducing public dissaving often also tends to erode the propensity to save in the private sector. National savings need to rise in most industrial countries, if they are to meet the challenges of the remainder of the century, which include marshalling resources to deal with the progressive aging of their populations and the protection of the environment. Obviously, this is the more urgent in those countries that already today lay a disproportionate claim on foreign savings. For them, fiscal consolidation is essential. Third, even with sound fiscal and monetary policies, growth will remain disappointing if resources are not used efficiently. This means that governments must reduce the jungle of controls and restrictions that distort private decisions, limit competition, and undermine the incentives to work, save, and invest.

For its part the Fund intends to continue to play a key role in helping the international community to reach its collective goals. As the Managing Director stressed in his message to you, we do this best when we agree not only on the nature of the problems that beset us, but also on the remedies. Thank you, Mr. President.