

appropriate bankruptcy and liquidation procedures. Adjustment policies should be applied on as horizontal and non-discriminatory a basis as possible; however, where policies targeted to particular activities are appropriate, they should avoid favouring less efficient producers at the expense of more promising firms and activities.

- Urgent action by governments is required to dismantle measures which aggravate inflationary pressures. Policies should be designed to minimise restrictions on the competitive supply of products from lowest cost sources to domestic markets. With firmer demand growth, policies also need to avoid exacerbating the potential for excessive wage increases. Quantitative import restrictions, voluntary export restraints, market sharing arrangements and other exemptions from normal competitive circumstances should be subject to close review.
- Governments should take into account the risk of negative international repercussions when designing their assistance policies. In order to avoid a vicious spiral in which each country seeks to match or neutralise the assistance provided by others, governments should ensure that assistance is not used by recipients to gain an economically unjustified advantage on world markets. Domestic policies should be guided therefore by the need to ensure that longer-term requirements of efficiency govern not only national, but also international resource allocation; that shifting of adjustment burdens, in particular employment problems, from one country to another is minimised; and that, more generally, policy objectives and implementation are consistent with a competitive international economy and with the maintenance of an open system of trade, investment and payments.

3. Recognising that domestic problems and policies are at the root of many economic conflicts between countries, Delegates expressed the view that international understanding might be greatly advanced if governments, when intervening in national or international markets, observe the need for transparency in the design and implementation of policy. Transparency, which would also improve the efficiency of policy at the domestic level, could be substantially enhanced by governments through:

- Improving the information available within administrations about the level and distribution of assistance provided by central, state and local governments, and its evolution over time. There should be clear institutional responsibilities and procedures within the public administration for collecting and updating such information. The information collected should cover not only direct financial transfers but also indirect transfers through tax allowances and other fiscal measures, as well as off-budget forms of assistance.