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Venice ends without naming names

From Steve Levinson in Venice

THE seven-nation Venice summit ended yesterday with a watered-down economic declaration which avoided specific calls for West Germany, Japan or the US to alter their economic policies.

The overall message was one of satisfaction among the seven that the existing policies were correct, despite growing fears among economists that the international economy may be weakening.

James Baker, US Treasury Secretary, said that after recent meetings of the OECD and the Louvre accord, actions were already being taken to stimulate growth. "If these commitments are followed through on, that will do the job."

Both Mr Baker and Sir Geoffrey Howe, the foreign secretary, defended the absence of named countries in the declaration. "We try to avoid naming countries as such," said Mr Baker.

The main step forward at the summit was a move towards closer economic co-operation among the seven, and there was a commitment that unspecified action would be taken if world economic growth was insufficient.

As foreshadowed on Tuesday, the summit countries are to present projections for their economies and use a series of performance indicators to determine whether economies are developing as intended or whether remedial action is required.

But there is no compulsion to act. Mr Baker described this as "an early warning system" which would trigger consultations. The economic indicators are not to be published, a fact which Mr Baker earlier made clear was "unfortunate."

The US had to go along with this as "one of the conditions of getting an agreement."

Instead of naming countries, the seven call on surplus countries to strengthen domestic demand, while deficit countries will reduce their fiscal and external imbalances.

The 12-page document, which was delivered by Italian prime minister, Amintore Fanfani at the end of the two-day summit, also reaffirmed the February Louvre currency accord.

The seven recognise that there are numerous problems to be overcome, including trade imbalances, unemployment, large budget deficits, high real interest rates, increased protectionism and debt problems among the developing countries.

There is a section on ways of creating jobs, which Sir Geoffrey said was the "paramount task". But the approach does little more than emphasise the need for competition, agricultural subsidy reforms, and more open markets, whether they be financial markets, or labour markets.

On the topic of overseas debt, the seven endorse the case-by-case approach which has been adopted towards middle-income debtors but adds that there is a need "for timely and effective mobilization of lending by the commercial banks."

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