

What was this change? In its reassertion of world leadership in international economic matters the U.S. was also, it seems to many observers, rejecting the "hands off" or policy convergence view of international economic cooperation which was the heart of the Bonn Summit. By stressing the link between misaligned exchange rates and protectionist pressures or, alternatively, the interrelationship between the international trading system and the international monetary system, the G-5 underlined a fundamental aspect of interdependence which had not been explicitly acknowledged either at Bonn or any previous summits since 1980. What was missing from the Plaza communiqué, however, was a recipe for macroeconomic coordination. If we distinguish between policy compatibility and policy convergence, the former involving, as Henry Wallich has suggested, a significant modification of national policies in recognition of international economic interdependence, the G-5 communiqué revealed little trace. On verra.

From the Plaza we go to Seoul for Act Three, the Annual Bank/Fund meetings, where the "Baker Initiative" was unveiled in early October. This plan proposed that structural-adjustment efforts on the part of debtor countries be supplemented by increased structural and sectoral (as opposed to more traditional project) lending by the World Bank group, accompanied by net new lending by commercial banks and "a continued central role for the IMF....in close cooperation" with the IBRD. The full implications of the U.S. proposal for the role of the Bank, its relationship with the Fund and the commercial banks as well as with the debtor countries remain to be fully spelled out but there is little doubt that the initiative is another significant development in -- and test of -- international cooperation.

Finally, on November 28, in Geneva, the Contracting Parties of the GATT took a decision to establish a preparatory committee for the programme of a new round of multilateral trade negotiations for adoption at a Ministerial meeting in September, 1986. You will be hearing more details of this welcome and important development tomorrow. I simply want to note that what will really be on the table in this round is a strengthened and reinforced multilateral trading system. This system is an international "public good" and it remains to be seen whether the obvious temptation for "free riding" which has characterized the past decade can be overcome.