

an improvement in growth where that can be achieved without rekindling inflation in order to reduce extremes of balance of payments surpluses and deficits. This will reduce destabilizing exchange rate movements. Improved growth will help to reduce protectionist pressures. We need it also to encourage the flow of private investment, on which economic progress depends; we will seek to reduce impediments to private investment, both domestically and internationally. Better growth is needed to ensure that the free world is able to develop to meet the expectations of its citizens and the aspirations of the developing countries.

3. A program of different actions by countries that face different conditions is needed to assure steady non-inflationary growth. In countries whose balance of payments situation and inflation rate does not impose special restrictions, this requires a faster rise in domestic demand. In countries where rising prices and costs are creating strong pressures, this means taking new measures against inflation.

—Canada reaffirmed its intention, within the limits permitted by the need to contain and reduce inflation, to achieve higher growth of employment and an increase in output of up to 5%.

—As a contribution to avert the worldwide disturbances of economic equilibrium the German Delegation has indicated that by the end of August it will propose to the legislative bodies additional and quantitatively substantial measures up to 1 p.c. of GNP, designed to achieve a significant strengthening of demand and a higher rate of growth. The order of magnitude will take account of the absorptive capacity of the capital market and the need to avoid inflationary pressures.

—The President of the French Republic has indicated that, while pursuing its policy of reduction of the rate of infla-

tion, the French Government agrees, as a contribution to the common effort, to increase by an amount of about 0.5% of G.N.P. the deficit of the budget of the State for the year 1978.

—The Italian Prime Minister has indicated that the Government undertakes to raise the rate of economic growth in 1979 by 1.5 percentage points with respect to 1978. It plans to achieve this goal by cutting public current expenditure while stimulating investments with the aim of increasing employment in a non-inflationary context.

—The Prime Minister of Japan has referred to the fact that his Government is striving for the attainment of the real growth target for fiscal year 1978, which is about 1.5 percentage points higher than the performance of the previous year, mainly through the expansion of domestic demand. He has further expressed his determination to achieve the said target by taking appropriate measures as necessary. In August or September he will determine whether additional measures are needed.

—The United Kingdom, having achieved a major reduction in the rate of inflation and improvement in the balance of payments has recently given a fiscal stimulus equivalent to rather over 1% of G.N.P. The Government intends to continue the fight against inflation so as to improve still further the prospects for growth and employment.

—The President of the United States stated that reducing inflation is essential to maintaining a healthy U.S. economy and has therefore become the top priority of U.S. economic policy. He identified the major actions that have been taken and are being taken to counter inflation in the United States: Tax cuts originally proposed for fiscal year 1979 have now been reduced by \$10 billion; government expenditure projections for 1978 and 1979 have been reduced; a very