levelopment, but only if all work together, and with the interests of all in mind.

3. In this spirit we have discussed the main problems that confront us in the coming decade. We are confident in the ability of our democratic societies, based on individual freedom and social solidarity, to meet these challenges. There are no quick or easy solutions; sustained efforts are needed to achieve a better future.

I. Inflation

4. The reduction of inflation is our immediate top priority and will benefit all nations. Inflation retards growth and harms all sectors of our societies. Determined fiscal and monetary restraint is required to break inflationary expectations. Continuing dialogue among the social partners is also needed for this purpose. We must retain effective international coordination to carry out this policy of restraint, and also to guard against the threat of growing unemployment and worldwide recession.

5. We are also committed to encouraging investment and innovation, so as to increase productivity, to fostering the movement of resources from declining into expanding sectors so as to provide new job opportunities, and to promoting the most effective use of resources within and among countries. This will require shifting resources from government spending to the private sector and from consumption to investment, and avoiding or carefully limiting actions that shelter particular industries or sectors from the rigors of adjustment. Measures of this kind may be economically and politically difficult in the short term, but they are essential to sustained non-inflationary growth and to increasing employment which is our major goal.

6. In shaping economic policy, we need a better understanding of the long-term effects of global population growth, industrial expansion and economic development generally. A study of trends in these areas is in hand, and our representatives will keep these matters under review.

II. Energy

7. We must break the existing link between economic growth and consumption of oil, and we mean to do so in this decade. This strategy requires conserving oil and substantially increasing production and use of alternative energy sources. To this end, maximum reliance should be placed on the price mechanism, and domestic prices for oil should take into account representative world prices. Market forces should be supplemented, where appropriate, by effective fiscal incentives and administrative measures. Energy investment will contribute substantially to economic growth and employment.

8. We welcome the recent decisions of the European Community (EC), the International Energy Agency (IEA) and the Organization for Economic Cooperation and Development (OECD) regarding the need for long term structural changes to reduce oil consumption, continuing procedures to monitor progress, the possible use of oil ceilings to deal with tight market conditions and coordination of stock policies to mitigate the effect of market disruption. We note that the member countries of the IEA have agreed that their energy policies should result in their collective 1985 net oil imports being substantially less than their existing 1985 group objective, and that they will quantify the reduction as part of their continuing monitoring efforts. The potential for reduction has been estimated by the IEA Secretariat, given existing uncertainties, at around 4 million barrels a day (MBD).

9. To conserve oil in our countries:

- We are agreed that no new base-load, oil-fired generating capacity should be constructed, save in exceptional circumstances, and that the conversion of oil-fired capacity to other fuels should be accelerated.
- We will increase efforts, including fiscal incentives where necessary, to accelerate the substitution of oil in industry.
- We will encourage oil saving investments in residential and commercial buildings, where necessary by financial incentives and by establishing insulation standards. We look to the public sector to set an example.
- In transportation, our objective is the introduction of increasingly fuel efficient vehicles. The demand of consumers and competition among manufacturers are already leading in this direction. We will accelerate this progress, where appropriate, by arrangements or standards for improved automobile fuel efficiency, by gasoline pricing and taxation decisions, by research and development and by making public transport more attractive.

10. We must rely on fuels other than oil to meet the energy needs of future economic growth. This will require early, resolute, and wide-ranging actions. Our potential to increase the supply and use of energy sources other than oil over the next

Selected Domestic Economic Trends

	1970–73	1974–75	1976	1977	1978	1979
Real GNP growth (average annual rate, %)						
United States	3.5	−1.4	5.9	5.3	4.4	2.3
Japan	9.1	0.6	6.5	5.4	6.0	5.9
West Germany	4.4	−0.7	5.3	2.6	3.5	4.4
France	4.8	1.8	5.2	2.8	3.6	3.2
United Kingdom	3.7	−1.2	3.6	0.9	3.1	0.6
Italy	4.1	0.5	5.9	2.0	2.6	5.0
Canada	5.7	2.4	5.4	2.4	3.4	2.9
Industrial production growth (average annual rate, %)						
United States	4.0	−4.6	10.7	5.9	5.8	4.1
Japan	9.5	−7.6	11.1	4.1	6.3	8.3
West Germany	4.5	−4.2	7.3	2.6	2.7	5.3
France	5.8	−2.0	8.0	1.9	0.9	4.5
United Kingdom	2.4	−4.4	2.2	3.8	3.7	2.7
Italy	5.0	−2.6	12.4	1.1	2.0	6.5
Canada	5.9	−1.4	5.6	3.3	5.7	4.2
Consumer price inflation (average annual rate, %)						
United States	4.9	10.1	5.7	6.5	7.7	11.3
Japan	6.9	16.1	8.4	7.3	4.2	3.2
West Germany	5.3	6.5	4.5	3.7	2.7	4.1
France	6.1	12.6	9.6	9.5	9.3	10.8
United Kingdom	8.0	20.0	16.6	15.8	8.3	13.4
Italy	6.5	18.1	16.7	18.4	12.1	15.7
Canada	4.6	10.8	7.5	8.0	8.9	9.2
Unemployment rate (annual average % of labor force)						
United States	5.3	7.0	7.7	7.0	6.0	5.8
Japan	1.3	1.6	2.0	2.0	2.2	2.1
West Germany	0.8	3.2	4.0	4.0	3.8	3.3
France	1.6	3.0	4.2	4.7	5.2	6.0
United Kingdom	2.8	3.0	4.9	5.3	5.2	5.0
Italy	4.8	4.5	5.1	7.2	7.2	7.7
Canada	5.9	6.1	7.1	8.1	8.4	7.5