Strengthening prospects for growth and enhancing employment opportunities are the primary macroeconomic policy objectives of the G-7 countries. To meet these objectives, the G-7 governments are putting in place sound domestic policies and reforms that form the basis of a co-operative growth agenda.

Japan is taking advantage of its room to manoeuvre on the fiscal side. Its stimulus package, containing measures to increase government spending and stimulate private sector borrowing, is a welcome initiative. If it is implemented promptly, it will help to reinvigorate Japan's domestic economy and stimulate imports.

Germany is lowering its interest rates from the restrictive highs reached last summer. Reduction of underlying price pressures and a commitment to deficit reduction have made this easing possible and in turn set the stage for a progressive easing of monetary conditions throughout Europe.

The U.S. administration is committed to reducing its budget deficit over the medium term. This commitment has helped to ensure a decline in long-term interest rates and laid the foundation for stronger investment.

Canada is also contributing to the growth agenda. Sound monetary policy has permitted a steady reduction of inflation and thus a lowering of short-term interest rates. The policy is complemented by a firm commitment to fiscal consolidation, which contributes to lower long-term interest rates as well.

The governments of the G-7 countries are undertaking reforms that will improve market functioning and make their economies better able to adapt to changing conditions. At last year's summit, G-7 leaders asked finance ministers to examine obstacles to growth and report on them in Tokyo. In this context, Canada has emphasized the importance of reforms to make labour markets more flexible. Training is being given high priority to ensure that Canadian workers are prepared for the changing demands of the workplace.

Co-operative efforts in the G-7 will lay the foundation for more robust and durable global growth. According to the IMF's *World Economic Outlook*, real growth in the G-7 is expected to rise to 3 per cent next year from just under 2 per cent this year. Other industrial countries together are projected to grow at a comparable pace. An even stronger performance should be seen in the developing countries, where real growth is projected to be around 5 per cent. The former centrally-planned economies, taken together, are expected to contract further before reaping the benefits of their reform efforts. Assistance from industrial countries and international financial institutions will be most effective in countries that pursue sound macroeconomic and structural policies.

There is a consensus among forecasters, including the IMF, that Canada will lead the G-7 in growth and employment creation in 1994. According to the IMF, Canada's real GDP growth is expected to be 3.2 per cent in 1993, rising to 4.4 per cent in 1994. Canada's inflation rate will remain among the lowest for G-7 members.