

MR. CHAIRMAN,

- MY COLLEAGUE MICHAEL WILSON SPOKE YESTERDAY ABOUT THE GOOD PROSPECTS FOR ECONOMIC GROWTH IN CANADA AND IN OTHER OECD COUNTRIES. WE ARE, AS HE NOTED, MORE OPTIMISTIC THAN WE WERE A YEAR AGO ABOUT THE ECONOMIC OUTLOOK FOR US AND FOR THE WHOLE WORLD. THE IMPROVEMENT IN ECONOMIC CONDITIONS HAS BEEN HELPED BY A RENEWED SPIRIT OF INTERNATIONAL ECONOMIC COOPERATION. NOTABLE SUCCESSES HAVE ALREADY BEEN ACHIEVED: LAST SEPTEMBER, G-5 COUNTRIES AGREED TO COOPERATE TO REALIGN EXCHANGE RATES; IN OCTOBER, USA TREASURY SECRETARY BAKER PRESENTED HIS INITIATIVE FOR GROWTH AND ADJUSTMENT IN INDEBTED DEVELOPING COUNTRIES; IN NOVEMBER, GATT CONTRACTING PARTIES AGREED TO ESTABLISH A PREPARATORY COMMITTEE WITH A VIEW TO LAUNCHING THE NEW ROUND OF TRADE NEGOTIATIONS; AND IN MARCH, CENTRAL BANKS IN THE USA, THE FRG AND JAPAN ACHIEVED COORDINATED INTEREST RATE REDUCTIONS. WE SHARE THE DESIRE TO SUPPORT AND STRENGTHEN THE PROCESSES OF CONSULTATION THROUGH WHICH SUCH COOPERATION IS FORGED.

- ECONOMIC CONDITIONS ARE NOW CONDUCIVE TO ACTION TO IMPROVE AND SUSTAIN GROWTH. INFLATION HAS BEEN DECLINING. OIL PRICES HAVE DROPPED. EXCHANGE RATES BETTER REFLECT ECONOMIC FUNDAMENTALS. INTEREST RATES ARE DECLINING, AIDED BY THE IMPROVING CONTROL OF GOVERNMENTS OVER FISCAL DEFICITS. THE GROWTH BROUGHT ABOUT BY THESE DEVELOPMENTS WILL HAVE IMPORTANT EFFECTS ON THE ECONOMIC AND SOCIAL SITUATIONS NOT ONLY OF OUR OWN COUNTRIES, BUT ALSO IN THE DEVELOPING WORLD.

- BUT WE CANNOT BE COMPLACENT. OECD MEMBER COUNTRIES HAVE A RESPONSIBILITY TO USE THE OPPORTUNITY PRESENTED BY THE IMPROVED OUTLOOK TO ACHIEVE BETTER COORDINATION, AND THEREBY SUSTAIN ECONOMIC GROWTH. EXTERNAL IMBALANCES AMONG MAJOR COUNTRIES HAVE NOT BEEN ELIMINATED. UNEMPLOYMENT REMAINS HIGH IN MANY COUNTRIES. NOT ALL COUNTRIES ARE BENEFITTING FROM OIL PRICE DECLINES: INDEED, INDEBTED OIL-EXPORTING