

stroyed the prospects for growth in the developing countries. We believe that these consequences are increasingly coming to be appreciated by some of the oil exporting countries. The fact is that the industrialized countries of the free world, the producing countries, and the non-oil developing countries depend upon each other for the realization of their potential for economic development and prosperity. Each can overcome the obstacles to that development, but only if all work together, and with the interests of all in mind....

### **Inflation immediate priority**

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 co-ordination to carry out this policy of restraint, and also to guard against the threat of growing unemployment and world-wide recession.

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 rigours 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....

### **Reducing oil consumption**

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

### **The Summit series**

The Venice Summit was the sixth in the series of meetings that have been held for heads of government. The first was at Rambouillet, France in November 1975 – in which Canada did not participate – the second in Puerto Rico in June 1976, the third in London in May 1977, the fourth in Bonn in July 1978 and the fifth in Tokyo in June 1979. Next year's meeting will be held in Ottawa.

At these meetings, heads of government from the Western nations, together with their foreign affairs and finance ministers, have met to discuss principally economic issues.

effective fiscal incentives and administrative measures. Energy investment will contribute substantially to economic growth and employment.

We welcome the recent decisions of the European Community (EC), the International Energy Agency (IEA) and the Organization for Economic Co-operation 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 co-ordination of stock policies to mitigate the effect of market disruption....

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.

### **Alternative energy supplies**

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 ten years is estimated at the equivalent of 15-20 million barrels a day of oil. We intend to make a co-ordinated and vigorous effort to realize this potential. To this end, we will seek a large increase in the use of coal and enhanced use of nuclear power in the medium-term, and a substantial increase in production of synthetic fuels. In solar energy and other sources of renewable energy over the longer term.

We shall encourage the exploration and development of our indigenous hydrocarbon resources in order to secure maximum production on a long-term basis.

Together we intend to double coal production and use by early 1990. We will encourage long-term commitments by coal producers and consumers. It will be necessary to improve infrastructures in both exporting and importing countries, as far as is economically justified, to ensure the required supply and use of coal. We look forward to the recommendations of the International Coal Industry Advisory Board. They will be considered promptly. We are conscious of the environmental risks associated with increased coal production and combustion. We will do everything in our power to ensure that increased use of fossil fuels, especially coal, does not damage the environment.

We underline the vital contribution of nuclear power to a more secure energy supply. The role of nuclear energy has to be increased if world energy needs are to be met. We shall therefore have to expand our nuclear generating capacity. We will continue to give the highest priority to ensuring the health and safety of the public and to perfecting methods for dealing with spent fuels and the disposal of nuclear waste. We reaffirm the importance of ensuring the reliable supply of nuclear fuel and minimizing the risk of nuclear proliferation....

Our comprehensive energy strategy is designed to meet the requirements of the coming decade. We are convinced that it

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