

Over the past two years economic recovery in the OECD* area has been uneven. The real rate of economic growth has been below that which this ministerial council considered feasible when it met in 1976. Unemployment has, as a result, remained at a high level. However, we must not lose sight of the real progress that has been made in other areas. The rate of inflation has been halved from the critically high levels of 1975/76 and many member countries which, at that time, had large and unsustainable current account deficits have managed to reduce or eliminate these imbalances, this has occurred without the widespread use of protective trade restrictions or similar measures. These gains have been hard-won and it is not, therefore, surprising that we have not achieved total success in reaching all of our fairly ambitious objectives.

For the period ahead we must take great care that, in our attempts to combat our remaining difficulties, we do not put to risk the successes which we have already achieved. In formulating Canadian economic policy, we have been very aware of this danger, and for this reason, the Minister of Finance has announced measures in his latest budget which will strengthen domestic demand, lower inflationary pressures and promote structural change.

In the same spirit the Secretary-General is proposing a programme for concerted action which seeks to produce non-inflationary growth through a better utilization of labour, capital and resources. It is a concerted programme not only in that it requires action by many countries but also in that it involves many areas of policy. Not only does it include the traditional macro-economic targets, but it also embraces elements such as energy and trade -- both within the O.E.C.D. and with developing countries -- and even extends to a common approach to the problems being created by structural distortions that are in danger of becoming imbedded in our domestic economies. This set of proposals is a constructive response to our current problems and deserves our support.

The need for faster growth in the O.E.C.D. area is widely acknowledged. The continuation of slow growth would lead both to a self-perpetuating under-utilization of our resources and to the inefficient employment of those resources actually at work. The expectation of slow growth would lead to a low rate of new investment and innovation as businesses react to pessimistic expectations of the future course of demand. This would inhibit the process of structural change and adaptation and make the expectation of slow growth a self-fulfilling prophecy. A low rate of real growth would not be sufficient to lower unemployment rates significantly. Continuing high unemployment will generate ever-increasing pressures on governments to take unilateral action to protect sectors which are in

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*Organization for Economic Co-operation and Development.