ing industries that are no longer competitive will inhibit the necessary process of structural change and thus reduce the scope for improvements in productivity and corresponding gains in real income and perpetuate the slow growth of our economies. Given the strong interrelations between our economies, we cannot correct the tendency towards slow growth if we formulate our policies in isolation from each other. When one of our economies is put on a significantly more expansionary course, much of the impact of the expansionary measures can be lost through increases in the level of imports if other economies are not also expanding. The deterioration of the current-account balance of the expanding economy in such circumstances may make it impossible for it to continue its policy of economic stimulation. For this reason, the solution to our problem must lie in international co-operation so that our individual policies can be formulated in the expectation of support from the policies of our trading partners. The Secretary-General's plan for concerted action is such a solution.

I should like to point out that Canada, as one of the countries that is called upon to achieve a higher rate of growth in 1978 and 1979, intends to play its full part; we are aiming at a real rate of growth significantly above that of 1977, and have taken measures to achieve this target. At the same time, we are actively using both "macro-" and "micro-economic" measures to contain inflationary pressures. Concerted action on growth will make less room for Canada to provide even further stimulus than we have already injected than is the case for some other countries. But we do see this approach as beneficial for Canada and for the world at large, both through the direct effects of stimulation that it entails and through the confidence that it can create in the private sector about the future health of our economies. We look to other OECD members who are in a sufficiently strong position to undertake whatever expansionary measures their institutional and policy constraints allow. In this regard, avoiding reacceleration of inflation must, of course, be a key element in our program of concerted action. For the Secretary-General's plan to be successful, it is particularly important that countries with large current-account surpluses take firm measures to bring these imbalances within acceptable limits by means that will permit the growth of other countries' exports. Removal of restrictions on trade is an especially helpful way to achieve this objective, since it promotes efficiency at the same time that it fosters growth. By the same token, those countries whose current-account deficits are tied in an important way to their oil imports can use better energy policies both to help their balance of payments and improve resource-allocation. Current-account imbalances – whether surplus or deficit – that do not have a counterpart in sustainable capital flows can also have a disruptive influence on foreign-exchange markets. Continual large movements in an exchange-rate add to the uncertainty faced by business and increase the pressures for government intervention. On the other hand, exchange-rate movements are a necessary part of international adjustment to different rates of inflation, changing competitiveness, and the flows of long-term capital. And it is not in our interest to try to do more through intervention policy than dampen erratic short-term movements. This is, in fact, the policy Canada has been pursuing. However, disequilibria in underlying domestic economic conditions are reflected in exchange-rate movements, and it is these fundamental imbalances that must be removed if we are to achieve exchange-market stability.