

Communique Issued at the Conclusion of the Versailles Economic Summit Conference in France

June 6, 1982

1. In the course of our meeting at Versailles we have deepened our mutual understanding of the gravity of the world economic situation, and we have agreed on a number of objectives for urgent action with a view to improving it.

2. We affirm that the improvement of the present situation, by a further reduction of inflation and by a return to steady growth and higher levels of employment, will strengthen our joint capacity to safeguard our security, to maintain confidence in the democratic values that we share, and to preserve the cultural heritage of our peoples in all their diversity. Full employment, price stability and sustained and balanced growth are ambitious objectives. They are attainable in the coming years only if we pursue policies which encourage productive investment and technological progress; if, in addition to our own individual efforts, we are willing to join forces, if each country is sensitive to the effects of its policies on others and if we collaborate in promoting world development.

3. In this spirit, we have decided to implement the following lines of action:

—Growth and employment must be increased. This will be attained on a durable basis only if we are successful in our continuing fight against inflation. That will also help to bring down interest rates, which are now unacceptably high, and to bring about more stable exchange rates. In order to achieve this essential reduction of real interest rates, we will as a matter of urgency pursue prudent monetary policies and achieve greater control of budgetary deficits. It is essential to intensify our economic and monetary cooperation. In this regard, we will work towards a constructive and orderly evolution of the international monetary system by a closer cooperation among the authorities representing the currencies of North America, of Japan and of the European Community in pursuing medium-term economic and monetary objectives. In this respect, we have committed ourselves to

the undertakings contained in the attached statement.

—The growth of world trade in all its facets is both a necessary element for the growth of each country and a consequence of that growth. We reaffirm our commitment to strengthening the open multilateral trading system as embodied in the GATT and to maintaining its effective operation. In order to promote stability and employment through trade and growth, we will resist protectionist pressures and trade-distorting practices. We are resolved to complete the work of the Tokyo Round and to improve the capacity of the GATT to solve current and future trade problems. We will also work towards the further opening of our markets. We will cooperate with the developing countries to strengthen and improve the multilateral system, and to expand trading opportunities in particular with the newly industrialized countries. We shall participate fully in the forthcoming GATT Ministerial Conference in order to take concrete steps towards these ends. We shall work for early agreement on the renewal of the OECD export credit consensus.

—We agree to pursue a prudent and diversified economic approach to the U.S.S.R. and Eastern Europe, consistent with our political and security interests. This includes actions in three key areas. First, following international discussions in January, our representatives will work together to improve the international system for controlling exports of strategic goods to these countries and national arrangements for the enforcement of security controls. Second, we will exchange information in the OECD on all aspects of our economic, commercial and financial relations with the Soviet Union and Eastern Europe. Third, taking into account existing economic and financial considerations, we have agreed to handle cautiously financial relations with the U.S.S.R. and other Eastern European countries, in such a way as to ensure that