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THE U.S. PAPER PROVIDES A USEFUL STARTING-POINT FOR
OUR DISCUSSION.

- (A) IT IS ABSOLUTELY RIGHT TO REMIND US
OF THE PROGRESS WE HAVE MADE SINCE
THE LAST SUMMIT; FOR EXAMPLE
- INFLATION HAS BEEN REDUCED
AND MUCH FASTER THAN MOST PEOPLE
DARED HOPE A YEAR AGO; FOR THE
SUMMIT COUNTRIES AS A WHOLE IT IS
NOW AT ITS LOWEST LEVEL FOR A DECADE.
 - THAT THE PRESENT RECOVERY WILL PROMOTE
THE FURTHER GROWTH OF TRADE TO
BENEFIT BOTH INDUSTRIALISED AND DEVELOPING
COUNTRIES.

/ (B)

(B) IT IS RIGHT, TOO, TO REMIND US OF THE
PROBLEMS WHICH WE CONTINUE TO FACE; IN
PARTICULAR

- THAT THE PRESENT LEVELS OF UNEMPLOYMENT
ARE INTOLERABLE - UNEMPLOYMENT IS NOW THE
DEEPEST PROBLEM FACING THE WEST - BUT
THAT THERE IS NO QUICK CURE.
QUICK CURES ARE QUACK CURES.

- THAT THE RECOVERY IS EVERYWHERE LIKELY
TO BE PATCHY; NOT EVERY FIRM, NOT
EVERY REGION WILL FEEL THE SURGING OF
GROWTH.

THE VERY FACT OF TECHNOLOGICAL PROGRESS WILL
MEAN THAT THOSE WHO CAN GRASP THE NEW
OPPORTUNITIES WILL BENEFIT MORE THAN OTHERS
WHO DO NOT.

/ - THAT

- THAT THE RECOVERY IS THREATENED BY HIGH
BUDGET DEFICITS AND THE CONSEQUENT FEARS OF
A RESURGENCE OF INFLATION AND HIGHER INTEREST
RATES.

THESE, OF COURSE, ARE NOT THE ONLY NOTABLE ECONOMIC EVENTS
OF THE PAST TWELVE MONTHS:-

(A) WE HAVE SEEN LARGE IMPROVEMENTS IN
PRODUCTIVITY - THE OTHER SIDE OF THE COIN OF
THE LABOUR SHAKE-OUT.

IT IS ONLY FROM A PROFITABLE AND FULLY
COMPETITIVE INDUSTRY THAT WE SHALL SEE AN
ENDURING AND SUSTAINED RECOVERY, AND MORE
REAL JOBS.

(B) ALTHOUGH THERE IS NO LONGER AN INTERNATIONAL DEBT CRISIS, THERE ARE STILL SERIOUS DEBT PROBLEMS.

MOST MAJOR DEBTOR GOVERNMENTS ARE NOW ADOPTING THE APPROPRIATE POLICIES TO RESTORE THEIR FORMER CREDIT WORTHINESS.

BUT THERE IS STILL MUCH TO BE DONE.

THE MAIN LESSON WE MUST ALL LEARN - AND

THAT THE COMMERCIAL BANKS SHOULD RE-LEARN -

THAT IT IS IN THE LENDER'S (AND THE

BORROWER'S) INTEREST TO ENSURE THAT LOANS

ARE SELF-LIQUIDATING.

/ THE PAPER

THE PAPER ALSO USEFULLY ^{POINTS} ~~POINTS~~ TO SOME THEMES ON WHICH WE
NEED TO DEVELOP A COMMON UNDERSTANDING.

(A) WE MUST EACH OF US FOLLOW POLICIES IN
THE MANAGEMENT OF OUR RESPECTIVE
ECONOMIES WHICH WILL PROVIDE THE RIGHT
FRAMEWORK WITHIN WHICH OUR INDUSTRIES
CAN THRIVE AND EXPAND.

(B) THAT MEANS FIRM CONTROL OF MONETARY
GROWTH AND SOUND FINANCIAL POLICIES AND
FISCAL POLICIES.
PERSISTENT HIGH BUDGET DEFICITS MUST BE
CUT DOWN TO SIZE, SO AS TO ALLOW PRIVATE
BUSINESS ACCESS TO THE NATION'S INVESTMENT
FUNDS AND TO ALLOW A FALL IN INTEREST RATES.

/ WE ALL

(C) WE SHOULD LIKE TO SEE STEADIER AND LESS
VOLATILE EXCHANGE RATES.

THE WAY TO ACHIEVE THIS IS NOT BY
GRANDIOSE SCHEMES OF LARGE-SCALE OR
COORDINATED INTERVENTION (WHICH WILL PROVIDE
NO SHORT CUT TO EXCHANGE RATE STABILITY),
BUT BY THE PURSUIT OF SOUND AND MUTUALLY
CONSISTENT POLICIES IN THE KEY CURRENCY
COUNTRIES - A MEDIUM TERM FINANCIAL STRATEGY
ON AN INTERNATIONAL SCALE.

(D) THESE ARE THE POLICIES - SOUND MONEY,
EXPENDITURE AND REVENUE UNDER CONTROL, AND
STEADIER EXCHANGE RATES - WHICH WILL SUSTAIN
OUR RECOVERY AND WITHOUT WHICH WE WILL NEVER
SEE THE REDUCTION IN UNEMPLOYMENT WHICH WE ALL
SO DESPERATELY WANT.